Greater London Authority

Statement of Accounts 2021/22 AUDITED

Contents

Narrative Report

The GLA's accounts provides a wealth of detail on the Authority's financial position. They are a critical part of our stewardship of large sums of public money. However, as they have to be prepared in a prescribed format the pages that follow, at times, do not read easily. This narrative draws out the key issues from these accounts in an attempt to make them clearer and more understandable to all interested parties.

Structure

This narrative sets out the:

- Core accounting statements
- GLA's context
- Performance against the Mayor's vision
- Financial performance in 2021/22
- GLA's Balance Sheet at 31 March 2022, and
- Main financial issues and risks facing the Authority.

Core Accounting Statements

The **core accounting statements** covering the Authority and the Group are the:

- **Comprehensive Income and Expenditure Statement:** this records the income and expenditure for the year. The top half of the statement provides an analysis by service area. The bottom half of the statement deals with corporate transactions and funding.
- **Movement in Reserves Statement:** this is a summary of the changes to reserves over the course of the year. Reserves are divided into 'usable', which can be invested in capital projects or service improvements, and 'unusable' which must be set aside for specific accounting purposes rather than for investment or spending purposes.
- **Balance Sheet:** This is a 'snapshot' of the assets, liabilities, cash balances and reserves at the year-end date; and

- **Cash Flow Statement:** This shows the reason for changes in the cash balances during the year, and whether that change is due to operating activities, new investment, or financing activities (such as repayment of borrowing and other long-term liabilities)

Context

The GLA is the strategic authority for London and sits between the national Government and the London boroughs. It consists of:

- the Mayor of London, who is to be responsible for making London a better place for all those who visit, live or work in the city; and
- the London Assembly, which holds the Mayor to account.

The Mayor has five priorities to make London an even better city. They are to:

- keep Londoners safe
- get London's economy back on its feet
- ensure opportunities for young people
- deliver a green new deal; and
- build more affordable homes

The Mayor delivers this vision for London principally through the activities of:

- the GLA itself and its wide network of partnerships, including the London Recovery Board which the Mayor co-chairs with London Councils. Although much of the GLA's work is strategic – setting frameworks for London's boroughs and others to work within in areas like the environment, urban planning and economic development – the GLA now has significant delivery budgets for affordable homes and adult education

- London Fire Brigade, which provides the city's fire and rescue service, under the oversight of the London Fire Commissioner

- two Mayoral Development Corporations (MDCs), responsible for regeneration centred on the Queen Elizabeth Olympic Park and the Old Oak and Park Royal area

- the Metropolitan Police Service, which provides the capital's police service, under the oversight of the Mayor's Office for Policing and Crime; and

- Transport for London, which provides London's transport service.

The Mayor is responsible for setting an annual Budget of some £19 billion for these bodies. However, these accounts are limited to the GLA itself and its two MDCs which are treated as part of the GLA's Group Accounts.

The accounts also include any funds transfers in respect of council tax and retained business rates and as reflected in the Fund Account, certain grants to functional bodies including the Home Office police grant -

Performance against the Mayor's vision

The Mayor's objectives for the year were to continue to support London and Londoners in developing, with our partners, an ambitious blueprint for London's recovery from the Covid-19 pandemic; and to deliver better outcomes for Londoners with a focus on his five key priorities.

The Mayor's Annual Report, published in June 2022, gives information on performance and achievements across the full range of Mayoral priorities. It is available here:

https://www.london.gov.uk/publications/mayor-londons-annual-report-2021-2022

Financial Performance 2021/22

The GLA's Revised Net Revenue Budget, excluding financing costs and certain items funded from specific government grants such as Adult Education, for 2021/22 was £233.4m. There was an underspend against this Budget of £20.5m or 8.8%. The underspend is driven by a range of issues, however there are consistent themes around market capacity limiting our ability to deploy programme spend, and around underspends where it has been problematic to fill vacancies. A summary of the main reasons for this variance is set out below:

Service	Brief Description of Main Reasons for Variances	£m
Housing	Additional funding receipts, project slippage and staff vacancies	3.5
Good Growth	Museum of London delays £3m, and programme slippage £3.4m	6.5
Communities & Skills	Delays in delivery of projects	1.1
Strategy & Communications	Project slippage and staffing vacancies	0.8
Resources	Project slippage and increased interest receipts	9.0
Other items below £0.5m	Other	(0.4)
Total		20.5

GLA's Balance Sheet at 31 March 2022

Set out below is a summary of the GLA's Balance Sheet at 31 March 2022, comparing the position to a year ago.

As at 31 March:	**2022**	**2021**
	£m	**£m**
Assets	6,379	7,163
Liabilities	(7,426)	(7,728)
Net Liabilities	(1,046)	(565)

The reduction in assets of £784m is largely due to the net impact of the phasing of the repayment of 2020/21 and 2021/22 collection fund deficits to billing authorities arising primarily from Covid-19 pandemic business rates reliefs which are funded through grants received from the Department of Levelling Up, Housing and Communities (DLUHC); offset by a net increase of £487m in investments, mainly in Residential Mortgage Backed Securities.

Set out below is a summary of the GLA's usable and unusable reserves at 31 March 2022, comparing the position to a year ago.

As at 31 March:	**2022** **£m**	**2021** **£m**
Usable Reserves	(4,480)	(5,405)
Unusable Reserves	5,526	5,970

Usable reserves have decreased by £925m and is mainly driven by volatility arising from the timing and phasing of the repayment of collection fund deficits to billing authorities arising from the pandemic including the impact of the relief schemes for the retail, leisure, hospitality and nurseries sectors. This sum also includes the drawdown of £132 million of Tax Income Guarantee grant for business rates losses which was accrued for in 2020/21 but was paid over to Transport for London in 2021/22.

Unusable reserves are set aside for specific accounting purposes and cannot be used for investment or spending purposes. The balance relates largely to capital grants paid to TfL for the Northern Line extension to Nine Elms and Battersea Power Station (NLE) and Crossrail (the Elizabeth line) which are financed from external borrowing but where TfL, rather than the GLA, holds these assets. These unusable reserves will be written down over time as the GLA's Crossrail and NLE borrowing is repaid over the next two decades.

Borrowing

Set out below is a summary of the GLA's net increase in overall level of debt

As at 31 March	2022	2021
	£m	£m
Overall level of debt	5,601	5,394

The GLA's overall level of debt has increased by £207m. This increase has been driven by the net increase in debt taken out in the year to finance Crossrail as a result of the funding deal agreed with the government for the project in November 2020 which committed the GLA to make an additional £825 million contribution.

The borrowing undertaken is within CIPFA's Prudential Code and financed by discrete income streams i.e. the Crossrail business rate supplement and the Mayor's Community Infrastructure Levy (MCIL) in respect of Crossrail and business rates growth and developer contributions, collected by the London Boroughs of Lambeth and Wandsworth in the Nine Elms and Battersea Power station statutory designated area, in relation to the NLE.

Pensions

The GLA's pensions arrangements are set out in great detail in these statements but the issue of how ultimately these costs are to be financed is controversial. These statements show that the overall pensions liability for the GLA is some £208 million as at 31 March 2022 – a reduction of £54m over the year. However, this liability is not shown as an immediate liability on the GLA's balance sheet. This follows prescribed accounting rules and is because the Authority's actuary has certified that the employer and employees' pensions contributions are sufficient to meet this liability by 2047. Further, based on the latest Actuarial Valuation, our Actuary maintained the Authority's employer's contribution rate for the period 2020/21 to 2022/23 at the same level as in previous years and estimated that the GLA's Local Government Pension Fund was fully funded.

Business Rates

Set out below is a summary of the main issues on business rates impacting these accounts.

Since 2017/18 the GLA has operated as pilot authority and receives a higher local retention share of 37 per cent under the business rates retention system. When combined with the 30 per cent share for the 33 billing authorities this means that in 2021/22 London received 67 per cent of business rates income and growth compared to the default position for non-pilot areas of 50 per cent. This pilot arrangement meant that in 2021/22 the GLA received around £3.11 billion in business rates income during the year from London billing authorities (i.e. 37 per cent of the total receipts forecast) and £141.4m in section 31 grants for the original budgeted cost of government funded relief schemes (i.e. the estimate before the additional pandemic rates relief schemes announced by the government in March 2021). Of this an estimated £841.2m was budgeted to be paid to the government in tariff and levy payments on growth.

The Mayor allocated c£2.1 billion of the balance remaining in his 2021/22 budget to spend on services – with a further £258.8 million of income held in reserves on the basis it could be repayable in full or in part to billing authorities as a result of successful appeals against their valuations by business ratepayers arising from the impact of the Covid-19 pandemic. The Government subsequently introduced legislation which prevented challenges by ratepayers on those specific grounds. This allowed the Mayor to release this £258.8 million sum for spending in his 2022/23 budget once this legislation had received Royal Assent in December 2021.

In addition, the GLA had to repay £1.26 billion to London billing authorities relating to its share of the estimated 2020/21 collection fund deficit during 2021/22 of which around £1.16 billion arose due to the cost of business rates reliefs granted as a result of the pandemic (i.e. enhanced retail and nurseries relief) which have been funded by government grant. The business rates reserve was debited in 2021/22 to offset the repayment made to billing authorities as the associated section 31 grant income was accrued for in 2020-21 and held temporarily in this reserve.

In March 2021 – after 2021/22 local authority budgets were set – the government confirmed that the 100 per cent relief scheme for the retail, leisure and hospitality sectors would be extended until 30 June 2021 and then reduced to 66 per cent for the remainder of 2021/22 with a national cap applied on the maximum sum granted per business entity (i.e. £105,000 for 'essential' retailers and £2 million for other firms in those sectors). The government also confirmed that the 100 per cent nurseries relief scheme would continue for the whole of 2021/22. In addition, later that month the government also announced a £1.5 billion Covid additional relief fund (CARF) to support ratepayers not eligible for these other relief schemes. The GLA's instalments from billing authorities (as in 2020/21) were not adjusted in year to take into account the reduced income from these pandemic reliefs and therefore the required reconciliation payments (i.e. the grant receipt by GLA from government offset by the repayment of the resulting deficit by the GLA to billing authorities) based on the level of reliefs actually granted in 2021/22 will take place during 2022/23.

As in 2020/21 the GLA has accrued for the estimated section 31 grant income due primarily to these pandemic reliefs of around £0.7 billion and the business rates reserve will again be debited to offset the cost of the repayment made to billing authorities to offset the GLA's share of the associated collection fund deficit during 2022/23.

Main financial issues and risks facing the Authority

Details of the main risks facing the GLA are set out in our Risk Register. Further, the Annual Governance Statement published alongside these accounts also sets out many of the issues facing the GLA. The following paragraphs detail the main financial risks the Authority faces over the LLDC and climate change.

The Mayor is committed to ensuring that the Queen Elizabeth Olympic Park is fully regenerated on a sustainable basis and this requires a significant level of investment from the GLA. As the ultimate funder of LLDC, the GLA is also exposed to the financial risks of the Corporation. A key element of this investment is LLDC's East Bank development, its flagship project to deliver a world-class cultural and education district on the Park. The anticipated final cost of the project remained unchanged during the year, but further cost pressures have emerged. Construction work is progressing steadily and completion is expected in 2023. Funding the project therefore remains a risk for the GLA over the coming year, particularly in light of the new cost pressures, however, these would be funded as necessary from the Capital Programme Reserve for LLDC. There are also cost pressures in the operation of the London Stadium which continues to require long term support from the GLA. In addition, the timing of the repayment of the loans the GLA has made to LLDC is dependent on factors including housing market developments and this remains a long-term risk. These issues constitute a substantive financial risk for the GLA and accordingly there are measures in place for close monitoring.

The Mayor is responsible for producing a London Environment Strategy which takes account of strategic environmental issues including climate change mitigation and adaptation. This includes setting out policies and actions he will take to address them.
While the Greater London Authority's direct assets exposures to climate change are currently low.

London itself faces the following key risks from climate change

- Projections show that London will experience hotter, drier summers and warmer, wetter, winters. This is already being seen with the surface water floods of July 2021 and the recent heatwaves in 2019, 2020 and 2022 when temperatures in London hit 38 degrees Celsius or more.
- There are already over 200,000 residential and commercial properties at risk of flooding from heavy rainfall events in London.
- Equally, hotter drier weather will increase the risk and severity of droughts and pressure on already stressed water resources that supply London will grow.

The Mayor has set a goal of London being net zero by 2030 and has published his preferred pathway for achieving this goal. As part of that ambition, the GLA is working with the functional bodies of the GLA to develop their own plans to achieve net zero by 2030. The Mayor has a number of programmes supporting the 2030 programme, some of which are set out below. One key aspect is supporting the development of net zero projects. The Mayor set aside £90 million in the 2022/23 budget to support the delivery of an estimated £500 million of projects across the GLA group and strategic partners (such as the London Boroughs and the NHS). The GLA is currently developing how the funds could effectively be deployed to drive significant finance to support projects.

The Mayor's agreed 2023/24 budget developed a climate budget to sit alongside the financial budget. The Climate budget (in the first year) sets out actions being taken across the group, their impact and the resource allocated to reduce scope 1 and scope 2 emissions. It is the GLA's intention to expand the scope of the climate budget in future years, to capture the wider actions across the city and take account of scope 3 emissions.

Achieving Net zero 2030

The Mayor is supporting delivery of his target in a number of ways. Some of these are set out below

- **Planning:** London is the only major city in the UK to have a zero carbon homes and commercial buildings standard for new development. This means that new development is already securing carbon savings 46% greater than national building regulations. Where developers cannot achieve further onsite reductions, they must offset emissions. That offset process is so far expected to provide nearly £90m of funding to London boroughs to implement climate related actions.
- **Mode shift:** Walking and cycling has experienced a huge increase in recent years encouraging mode shift and getting people out of their cars. Over 400 School Streets being introduced across the capital since the start of the pandemic – 372 funded with support from the Mayor and TfL and the rest funded by boroughs – a rate of more than three a week. There are now 511 School Streets in London in total – at almost a quarter of primary schools – with more being installed almost every month.
- **Electric vehicles:** 300 rapid charge points have been delivered in London. London now has over 10,000 charge points, around a third of all the charging points in the UK. London continues to lead the way with 111 electric charging points per 100,000 population – more than double the UK average of 45

- **Zero emission bus fleet:** London has a fully ULEZ compliant bus fleet (c 9,000 buses), cutting bus-related NOx emissions by 90%, with over 800 zero emission buses on London's roads, the largest zero emission fleet in Western Europe. Further progress on the objective for a net zero bus fleet by 2030 is contingent on the Government providing a fair, long-term sustainable funding deal for TfL.

- **Ultra Low Emission Zone:** Following the success of the central ULEZ scheme, which resulted in 44,000 fewer older, more polluting, non-compliant vehicles driving in the zone every day, the ULEZ was expanded to the North and South Circular Roads in October 2021. Compliance has steadily increased since changes associated with the ULEZ began. As of December 2021 93 per cent of vehicles travelling in the zone meet the ULEZ standards, up from 39 per cent in February 2017 when changes associated with the ULEZ began. Carbon dioxide emissions from cars and vans in the zone are expected to reduce by 5 per cent in the first year. This is on top of the 6 percent reduction in CO_2 emissions in the central London ULEZ area since 2019. Following consultation, the Mayor has decided to expand the scheme to the whole of Greater London.

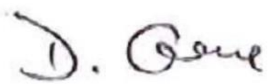
- **Mayor's Energy Efficiency Fund:** The Fund was launched in 2018 and has mobilised over £315 million of public and private capital enabling projects including heat networks and electric vehicle charging infrastructure. In November 2021 the GLA committed a further £30 million of GLA funds that could support a further £150 million of investment over the next two years.

- **Green New Deal Fund:** £10 million of Green New Deal Funding in supporting environmental projects which will secure around 1,000 jobs for Londoners.

- **Retrofit:** Since 2020, the retrofit programmes have helped secure funds totalling more than £221 million from government schemes supporting improvements to homes and public buildings. The Retrofit Accelerator – Workplaces programme has improved over 560 public sector buildings since 2016, saving over 22,000 tonnes of carbon and 87 MWh of energy each year.

The Mayor has set an ambitious target of making London net zero carbon by 2030. A key enabler of this ambition is the integration of a 'London Climate Budget' within the GLA Group's annual consolidated budget process and documents. To support this work the GLA is working with C40 Cities, which the Mayor has chaired since December 2021. London is a C40 climate budget 'Pilot City'. A climate budget mainstreams climate considerations into decision making via the budget allocation process and highlights a city's short-term actions (typically annually) to deliver the long-term climate targets (in line with the city's climate action plan or Net Zero Pathway). The process will show how the GLA's budget is being used to reduce London's emissions. The 2022-23 GLA group budget includes an additional £90 million being made available to accelerate projects identified as suitable for green finance support. The Climate budget approach will ensure in future years that climate measures are proposed, adopted, implemented, monitored and reported in line with the budget cycle and supported by clear targets. This approach will be reflected in the Authority's accounts in future years.

Following the preparation of these accounts and our external auditors having completed their value for money assessment, EY have determined that there is a significant weakness in the Authority's arrangements for how it procured its services in 2021/22. The Authority had already taken steps to immediately remedy the issues identified and protect our position. An independent lessons learnt exercise has been conducted and our external auditors will consider the outcome as part of their ongoing reporting responsibilities.



David Gallie

Executive Director of Resources
25 May 2023

Statement of Responsibilities for the Statement of Accounts

The Authority's responsibilities

The Authority is required to:

- make arrangements for the proper administration of its financial affairs and to secure that one of its officers has the responsibility for the administration of those affairs. In this Authority, that officer is the Executive Director of Resources
- manage its affairs to secure economic, efficient and effective use of resources and safeguard its assets; and
- approve the Statement of Accounts.

The Executive Director of Resources' responsibilities

The Executive Director of Resources is responsible for the preparation of the Authority's statement of accounts in accordance with proper practices as set out in the *CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22* (the Code).

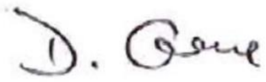
In preparing this Statement of Accounts, the Executive Director of Resources has:

- selected suitable accounting policies and then applied them consistently
- made judgements and estimates that were reasonable and prudent; and
- complied with the local authority Code.

The Executive Director of Resources has also:

- kept proper accounting records which were up to date; and
- taken reasonable steps for the prevention and detection of fraud and other irregularities.

Certificate of the Executive Director of Resources
I certify that the unaudited accounts for the Greater London Authority, give a true and fair view of the financial position of the Greater London Authority as at 31 March 2022 and its income and expenditure for the year ended 31 March 2022.



David Gallie CPFA

Executive Director of Resources
25 May 2023

Approval of the Statement of Accounts by the Mayor of London

In accordance with Regulation 9(2) of the Accounts and Audit Regulations 2015, I approve the accounts of the Greater London Authority.

Sadiq Khan
Mayor of London
25 May 2023

INDEPENDENT AUDITOR'S REPORT TO THE MAYOR OF THE GREATER LONDON AUTHORITY

Opinion

We have audited the financial statements of the Greater London Authority for the year ended 31 March 2022 under the Local Audit and Accountability Act 2014 (as amended). The financial statements comprise the:

- Authority and Group Movement in Reserves Statement,
- Authority and Group Comprehensive Income and Expenditure Statement,
- Authority and Group Balance Sheet,
- Authority and Group Cash Flow Statement,
- The related notes 1 to 54,
- Fund Account,
- Crossrail Revenue Account, and related note 55.

The financial reporting framework that has been applied in their preparation is applicable law and the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

In our opinion the financial statements:

- give a true and fair view of the financial position of the Greater London Authority and Group as at 31 March 2022 and of its expenditure and income for the year then ended; and
- have been prepared properly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and Authority in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard and the Comptroller and Auditor General's AGN01and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Executive Director of Resource's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Executive Director of Resource's assessment of the Group and Authority's ability to continue to adopt the going concern basis of accounting included:

• We read the Narrative Report and Financial Statement disclosures in relation to the financial statements being prepared on a going concern basis to ensure that they were consistent with our knowledge of the Group and Authority's financial position.

• We assessed the information used in the going concern assessment for consistency with management reporting, and information obtained through auditing other areas of the business, obtained an understanding of the business planning process, and challenged the underlying assumptions. This was done through testing to supporting evidence and consistency with our knowledge of the organisation as well as consideration of any management bias or contradictory indicators which we built into our stress testing to consider the reserves and liquidity position in a worst-case scenario. This work was performed for the going concern period to 31 May 2024 from our sign off date.

• We compared actual performance for the period to 31 March 2022 to the budget for that period to assess the accuracy of historical data.

•We compared the actual cash position to the prior year forecast cash position to assess the accuracy of management's cashflow forecasting. This included challenging management on significant variations and corroborating these to supporting evidence.

• We assessed the levels of current and forecast borrowing against the Prudential Borrowing Limit and confirmed that the Authority is within that limit and has no plans for further borrowing within the going concern period.

• We undertook reverse stress testing on management's base case scenario to understand the potential circumstances that could result in reserve shortages within the going concern period. This included assuming high levels of inflation, a reduction in the council tax base and no unconfirmed grant receipts in both 2022/23 and 2023/24. In addition, we undertook reverse stress testing on management's cashflow forecast to assess the impact on liquidity and the need to borrow. This included assuming increased costs for inflation and non-repayment of loans from subsidiaries.

We have observed that the Group has applied the principles in Practice Note 10, and on this basis has concluded that the Going Concern basis of preparation remains appropriate. The Group has access to cash and short-term investments amounting to £2.3bn as at the 31 March 2022, and in addition has access to additional borrowings of £1.6bn within their Authorised Prudential Borrowing Limit.
The Authority's management has reviewed the level of reserves at 31 March 2022 and has determined, having set a balanced budget for 2022/23, that they have sufficient reserves to continue to provide services within the going concern period without having to make unplanned service reductions.
Management have concluded that the balanced budget allows the Group to remain within the minimum level of General Fund Reserves set by the Executive Director of Resources (£10m). Management considers the stress-tested position to be remote due to prudent application of assumptions in their central scenario. Going concern has also been determined to be a key audit matter.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group and Authority's ability to continue as a going concern for a period to 31 May 2024 from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the Executive Director of Resources with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Authority's ability to continue as a going concern.

Overview of our audit approach

Audit scope	• We performed an audit of the complete financial information of two components and audit procedures on specific balances for a further five components. • The components where we performed full or specific audit procedures accounted for 99.5% of gross expenditure 99.8% of gross assets. .
Key audit matters	• Going Concern • E20 onerous contract provision • Property valuation • Loan investment valuation
Materiality	• Overall group materiality of £67.2 million which represents 1% of gross expenditure (both revenue and capital).

An overview of the scope of the parent and group audits

Tailoring the scope
Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for each company within the Group. Taken together, this enables us to form an opinion on the consolidated financial statements. [We take into account size, risk profile, the organisation of the group and effectiveness of group wide controls, changes in the business environment and other factors such as recent Internal audit results when assessing the level of work to be performed at each company.

In assessing the risk of material misstatement to the Group financial statements, and to ensure we had adequate quantitative coverage of significant accounts in the financial statements, of the eight reporting components of the Group, we selected seven components covering entities which represent the principal business units within the Group.

Of the seven components selected, we performed an audit of the complete financial information of two components (“full scope components”) which were selected based on their size or risk characteristics. For the remaining five components (“specific scope components”), we performed audit procedures on specific accounts within that component that we considered had the potential for the greatest impact on the significant accounts in the financial statements either because of the size of these accounts or their risk profile.

The reporting components where we performed audit procedures accounted for 99.5% (2021: 99%) of the Group’s gross expenditure, 99.8% (2021:82%) of the Group’s Total assets. For the current year, the full scope components contributed 97% (2021: 99%) of the Group’s gross expenditure, and 83% (2021: 82%) of the Group's Total assets. The specific scope components contributed 2% (2021: 1%) of the Group's gross expenditure], and 17% (2021: 16%) of the Group's Total assets. The audit scope of these components may not have included testing of all significant accounts of the component but will have contributed to the coverage of significant accounts tested for the Group. The remaining 1 component that represents 0.5% of the Group's gross expenditure, is not individually greater than 1% of the Group's gross expenditure. For this component, we performed other procedures, including analytical review and review of intercompany eliminations to respond to any potential risks of material misstatement to the Group financial statements.

Changes from the prior year

In the prior year LLDC's subsidiary, E20 stadium was assigned specific scope and its subsidiary LS185 was assigned review scope. In the current year we have assigned the whole LLDC Group (including LS185 and E20) as full scope. GLA Strategic Reserve has been assigned specific scope in the current year as the component has become material to the group in 2021/22.

Involvement with component teams

In establishing our overall approach to the Group audit, we determined the type of work that needed to be undertaken at each of the components by us, as the primary audit engagement team, or by component auditors from EY UK operating under our instruction. Of the two full scope components, audit procedures were performed on one of these directly by the primary audit team (GLA single entity) and the other by component auditors (LLDC Group). For the five specific scope components, audit procedures were performed on four of these directly by the primary team and on one of these, by component auditors. Where the work was performed by component auditors, we determined the appropriate level of involvement to enable us to determine that sufficient audit evidence had been obtained as a basis for our opinion on the Group as a whole. We assigned review scope to one component which is audited by a component team from EY UK.

During the current year's audit cycle, the primary audit team worked closely with the component team, holding joint planning and progress meetings with management. These meetings involved discussing the audit approach with the component team and any issues arising from their work, meeting with local management, attending planning and closing meetings, and reviewing relevant audit working papers on risk areas. The primary team interacted regularly with the component teams where appropriate during various stages of the audit, reviewed relevant working papers and were responsible for the scope and direction of the audit process. This, together with the additional procedures performed at Group level, gave us appropriate evidence for our opinion on the Group financial statements.

Climate Change

There has been increasing interest from stakeholders as to how climate change will impact the Greater London Authority and Group. The Mayor has set a goal for London to be net zero by 2030 and has published his preferred pathway for achieving this goal. As part of that ambition, the Greater London Authority is working with its functional bodies to develop their own plans to achieve net zero by 2030. Our audit effort in considering climate change was focused on evaluating management's assessment of the impact of climate risk. In its assessment, the Greater London Authority has determined that climate change does not have a material impact on the financial statements as explained in the Basis of Preparation. Climate change considerations are explained on pages 11-12 in the Narrative Report which forms part of the "Other information," rather than the audited financial statements. Our procedures on these disclosures therefore consisted solely of considering whether they are materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appear to be materially misstated

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Mayor
E20 Onerous Contract Provision (2021/22: £231.9m, 2020/21: £209.5m) When the London Stadium commenced operations management identified for two of its three key contracts, the expenditure associated is likely to exceed the income received, rendering them onerous under IAS 37. This provision is updated annually based on judgements made by management in the E20 business plan. In 2021/22, this will need to be updated to reflect amendments to IAS 37. The provision is based on a number of key judgements including contractual costs, potential income sources and amounts, discount rate and the	We addressed our risk through substantive testing which was performed by the component team for LLDC. The GLA group team exercised oversight and performed additional review procedures in these areas as follows: We gained an understanding and evaluated key controls surrounding the calculation, management's judgements and accounting for the provision. We reviewed management's updated technical accounting paper for the onerous contract provision and its alignment with the updated requirements of IAS 37. We reviewed the inputs into the provision calculation and corroborated these to source evidence. This included the E20 Stadium business plan. We challenged the basis for the	Through our work we identified misstatements in the basis of valuation of the provision as well as the presentation of the associated comprehensive income and expenditure statement charges. For 2021/22 audit adjustments have been made to increase the provision by £31.9 million. As a result of this there is also an increase of £19.4m to Group Net Cost of Services Expenditure and £3.1m to Group Financing and Investment Income and Expenditure reflecting the unwinding of the discount. We considered the impact of the adjustments on the prior period in accordance with the requirements of IAS 8, concluding that restatement of the prior period was required. Adjustments have been made to the 2020/21 position to increase the value of the provision by £9.5 million and the 2020/21 opening balance of the provision

period over which this is applied. As a material, judgemental balance, the provision is susceptible to the risk of management override. As a result of our audit work, LLDC has recognised a prior year adjustment in relation to the value of the onerous contract provision causing an increase to the provision in the prior year. This has a consequential impact on the GLA consolidated financial statement where a prior year adjustment has also been recognised. Refer to notes 5 and 41 in the statement of accounts.	calculation (business plan) and specifically challenged the completeness of the costs included in determining the onerous contract provision, confirming that these should be direct costs only or the net cost of honouring or delivering the contracts per the amendments to IAS 37. We identified and challenged the key judgements included in the provision including the discount factor used, the valuation of naming rights, the period of the forecast used and the directly attributable costs. We used our EY specialists to review the discount rate judgement and EY specialists in our review of the valuation of naming rights. We used sensitivity analysis to test these key assumptions and conclude as to the appropriateness of the range of values given, and sceptically challenge whether the provision is reasonable on that basis. We ensured that the unwinding of the discount relating to the onerous contract provision had been appropriately reflected in the calculation and that it is treated and accounted for correctly in accordance with the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22.	has increased by £75.8 million. In 2020/21 there is also a decrease of £68.2 million to Group Net Cost of Services Expenditure and increase of £1.8 million to Group Financing and Investment Income and Expenditure as a result of the adjustments. Following these adjustments, the onerous contract provision has been established in accordance with requirements of IAS 37 and is fairly stated. The uncertainties related to the discount rate and basis of measurement are appropriately disclosed in the financial statements.

	We reviewed disclosures in the financial statements ensuring appropriate disclosure of the uncertainties and judgements.	

Risk	Our response to the risk	Key observations communicated to the Mayor
Property Valuation (2021/22: £676.1m, 2020/21: £551.9m) **PPE, Investment property and Inventory held within LLDC is valued at £336.3m in 2021/22 (£335.2m in 2020/21). Investment Property and Inventory in GLAP is valued at £323.3m in 2021/22 (£321.3m in 2020/21)** London Legacy Development Corporation holds material assets which have been historically classified as investment property within the financial statements. This classification determines the basis on which they are valued and their presentation within the balance sheet. There is a risk that any incorrect classification could have a material impact on the valuation of assets within the financial statements and the	The following procedures were performed as part of our substantive testing which were performed by the component teams for both LLDC and GLAP. The GLA group team exercised oversight and performed additional review procedures in these areas as follows: We gained an understanding and evaluated key controls and governance surrounding property and inventory valuations and accounting. We assessed the expertise and independence of management's valuation specialist by confirming their qualifications, independence, experience in the sector and the terms of their engagement with the GLA or subsidiary. For assets held by LLDC, we obtained management's accounting paper and	Audit adjustments have been made to the valuation and classification of assets held by LLDC which also impact on the GLA consolidated financial statements. For 2021/22, adjustments have been made to decrease the value of PPE by £172.8 million, increase the value of Investment Property by £86.0 million and increase the value of Inventory by £161.9 million. There has also been a decrease to debtors of £1.6 million, an increase of £281.1 million to creditors and a decrease of £207.7 million to reserves. There is also a reduction of £109.5 million to Net Cost of Services Expenditure in the Comprehensive Income and Expenditure Statement. These balances have also been restated in the prior period in accordance with the

corresponding accounting entries and disclosures. The complexity of these valuations also means that small changes in assumptions such as yields, market rental levels, outstanding costs and sale retail value can have a material impact on the valuation of these assets within the financial statements. A similar risk exists in relation to GLAP's property assets, which are classified as, investment assets or inventory. The classification impacts directly on the appropriate valuation basis. As a result of our audit work, LLDC has recognised prior year adjustments in relation to the classification and subsequent valuation of assets. This has a consequential impact on the GLA consolidated financial statements where a prior year adjustment has also been recognised. Refer to notes 5, 25, 26 and 37 in the statement of accounts.	challenged the categorisation of assets as investment property in line with accounting standards including discussion with our EY technical and accounting specialists. Following this process management re-visited their assessment of asset classifications which we had challenged, and this resulted in a transfer of assets from Investment Property and Property, Plant and Equipment assets under construction to Inventory. For the Olympic Assets we: • Challenged and confirmed the basis on which the assets are held and considered contra indicators such as the nature of the properties and management's intentions which could suggest an alternative classification. • Concluded that the Olympic assets are held for the income they generate and therefore meet the requirements of IAS40 to be classified as investment property.	requirements of IAS 8. Adjustments have been made to the 2020/21 position to decrease the value of PPE by £131.0 million, increase the value of Investment Property by £104.6 million and increase the value of Inventory by £112.2 million. There has also been a decrease to debtors of £2.1 million, an increase of £315.3 million to creditors and a decrease of £231.6 million to reserves. There is also a reduction of £30 million to Net Cost of Services Expenditure in the Comprehensive Income and Expenditure Statement. We have concluded that, following these adjustments within the LLDC financial statements, properties with the GLA consolidated financial statements are appropriately classified in accordance with requirements under the applicable accounting standards including IAS 40, IAS 16, IAS 2, IAS 37, IPSAS 12, IPSAS 16 and IPSAS 17. Valuations are within an acceptable range and a provision has been made for the future costs associated with cultural assets. Appropriate disclosures have been made through the accounts including disclosure within Note 5 use of estimates and judgements.

	For residential development assets we: • Identified and agreed the key assumption made by management which is that the time at which physical work starts on development land is the trigger point at which development land meets the definition of inventory under IAS 2. • Concluded that the development sites should be classified as inventory. For the East Bank Site, we: • Challenged management's intention to sell the retail units and concluded that a change in intention does not provide evidence of change in use and these should be classified as inventory under IAS 2. • Critically reviewed the classification of infrastructure and public realm assets and concluded that the costs of constructing these assets are to	

	enable the main investment properties to function as intended, and therefore classification as investment property remains appropriate. • Engaged our EY specialists to review the contracts and development agreements for cultural assets to critically challenge the basis for classification focussing on the length of the lease term, the cashflows associated with the developments and the termination rights. • Concluded that the cultural assets should be classified as inventory under IAS 2 and a provision for grant expenses representing LLDC's contributions towards the cost of the buildings should also be recognised. On reaching the conclusions outlined above we: • Reviewed the accuracy and completeness and judgements involved of	

	the updated accounting policies, disclosures and adjustments through the accounts. • Considered the impact of the adjustments on the prior period in accorded with the requirements of IAS 8 concluding that restatement of the prior period was required. • Reviewed the accuracy of adjustments to restate the primary statements and evaluated the sufficiency of the related disclosures. For all other assets held within GLAP we: Assessed the valuations methodology applied to ensure it was in line with the CIPFA/LASAAC Code of Practice on Local Authority Accounting, and validated the assumptions contained in the valuations with reference to source documentation including leases, tendering information and contracts. Where assumptions were based on Authority or Company plans such as planned affordable housing, we	

	ensured that these assumptions were up to date, reflected in development progress and in the valuation.	
Valuation of loan investments	**Our response to the risk**	**Key observations communicated to the Mayor**
Loan Investments (2021/22: £302.3m, 2020/21: £381.0m) Greater London Authority Holdings (GLAH) Ltd holds a portfolio of loan investments in property developers as part of a wider strategy to assist in achieving the Mayor's affordable housing objectives. GLAH also holds Equity Mortgages which are amounts receivable from private owners of housing units when properties are sold and are secured by a second charge over the property. This portfolio is material to both the GLAH and GLA Group financial statements. These investments are accounted for in line with IFRS 9 Financial Instruments. Management have engaged with external specialists to assist with the valuation of certain investments classified as Fair Value through Profit and Loss. For investments classified as Amortised Cost, an impairment review is undertaken to assess whether any credit loss should be recognised, and management engage a	We assessed the expertise and independence of management's specialists by confirming their qualifications, experience in the sector and the terms of their engagement with the GLA or subsidiary. Tested classification of assets against the requirements of the CIPFA Code of Practice and relevant accounting standards including IAS 40, IAS 16, and IAS 2. We challenged the steps undertaken by management's specialist to ensure that the information used to inform the IFRS 9 impairment review was reliable, accurate and complete. Re-performed valuation calculations for a sample of assets, verifying key inputs against source documents as part of this process. Engaged our internal valuation experts, who calculated a valuation range for a sample of assets to test whether the Group's key assumptions and valuations are within an acceptable range based on comparative market data for build costs. Tested that property additions and disposals had taken place in the year, and that the valuation had been appropriately updated for them. For loan investments classified as Fair Value through Profit and Loss: • We engaged our EY Complex Securities team to perform a review of the methodology used by management's specialist against IFRS 9 requirements. Our specialists tested a sample of loan investments by assessing the appropriateness of the underlying assumptions and independently re-calculating the loan valuation which we Agreed affordable housing assumptions to development agreements and targets and also obtained management representation as to the validity of the planned affordable housing assumptions with respect to key sites.	The valuation of loan investments is supportable and following the adjustments made, credit losses are appropriately recognised and the accounting for the loans is consistent with the requirements of IFRS 9.

specialist to support with key assumptions in calculating expected losses. There is a risk that loan investments could be over-valued with insufficient credit losses recognised that reflect the risks of the underlying loan arrangements. Refer to note 29 in the statement of accounts.	compared to management's valuation. • For Equity Mortgages we have recalculated the valuation with reference to published housing price indexes. For loan investments classified as Amortised Cost: • We engaged our EY specialist to perform a review of the collateral valuation or loans secured by assets and compared the valuation of the collateral to the loan balance to assess whether there are indicators of impairment. • We performed sensitivity analysis over the calculation of the expected credit loss by adjusting assumptions such as the probability of default, loss given default and collateral valuation where contradictory indicators had arisen through our engagement with our specialists and review	

	of independent credit ratings. • We challenged management on the expected credit loss recognised for the Barking Riverside loan and the basis of the valuation of the collateral that this loan is secured against. Having challenged management we engaged our EY Complex Securities team to review the probability of default and loss given default assumptions for this loan which determine the level of expected credit loss. For all valuations we ensured that the disclosures associated with the loan investments are appropriate in the Group financial statements.	

In the prior year, our auditor's report included a key audit matter in relation to the valuation of long-term debtors. We have not included this area as key audit matter in the current year as the risk area did not have a significant impact on the overall audit strategy, the allocation of resources in the audit and the efforts of the audit team due to cumulative audit knowledge that has been built up since the prior period.

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality
The magnitude of an omission or misstatement that, individually or in the aggregate, could reasonably be expected to influence the economic decisions of the users of the financial statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined materiality for the Group to be £67.2million (2021: £51.8 million), which is 1% (2021: 1%) of gross expenditure including capital expenditure. We believe that gross expenditure using revenue and capital expenditure incurred in the provision of public services, represents an appropriate basis for materiality since the main function of the Group is to provide services to the London community. This includes control of the cost base and complying with the Mayor's budget is an important Key Performance Indicator within the organisation and the users of the financial statements.

We determined materiality for the Greater London Authority to be £65.2 million (2021: £50.6 million), which is 1% (2021:1%) of gross expenditure. This increase in materiality is driven by increased expenditure in 2021/22.

During the course of our audit, we reassessed and updated initial materiality. Our initial materiality was based on the prior year financial statements where overall materiality was calculated to be £60 million and performance materiality was £45 million. Overall materiality was updated based on the draft 2021-22 financial statements to £67.2 million and performance materiality was updated to £50.4 million.

Performance materiality
The application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

On the basis of our risk assessments, together with our assessment of the Group's overall control environment, our judgement was that performance materiality was 75% (2021: 75%) of our planning materiality, namely £50.4million (2021: £38.9million). We have set performance materiality at this percentage due to a low level of audit errors in the previous year.

Audit work at component locations for the purpose of obtaining audit coverage over significant financial statement accounts is undertaken based on a percentage of total performance materiality. The performance materiality set for each component is based on the relative scale and risk of the component to the Group as a whole and our assessment of the risk of misstatement at that component. In the current year, performance materiality allocated to the Greater London Authority single entity was £45.4million (2021: £38.8million). The range of performance materiality allocated to other components was £10.1million to £2.0million (2021: £10.6million to £0.08million).

Reporting threshold
An amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Mayor that we would report to him all uncorrected audit differences in excess of £3.4million (2021: £2.6million), which is set at 5% of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluate any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Narrative Report and the Annual Governance Statement other than the financial statements and our auditor's report thereon. The Executive Director of Resources is responsible for the other information.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements, or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We report to you if:

- in our opinion the annual governance statement is misleading or inconsistent with other information forthcoming from the audit or our knowledge of the Group and the Authority
- we issue a report in the public interest under section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make written recommendations to the audited body under Section 24 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application to the court for a declaration that an item of account is contrary to law under Section 28 of the Local Audit and Accountability Act 2014 (as amended)
- we issue an advisory notice under Section 29 of the Local Audit and Accountability Act 2014 (as amended)
- we make an application for judicial review under Section 31 of the Local Audit and
- Accountability Act 2014 (as amended).

We have nothing to report in these respects. We have not completed our work on the Group and the Authority's proper arrangements. On the basis of our work to date, having regard to the guidance issued by the Comptroller and Auditor General in December 2021, we have identified the following significant weakness in the Group and the Authority's arrangements for the year ended 31 March 2022:

Significant weakness in arrangements

Our judgement on the nature of the weakness identified:

During the year ended 31 March 2022, elements of GLA's processes were not followed in two procurement exercises resulting in the need for corrective action.

As a result, we identified a risk of significant weakness in proper arrangements for governance, that is, how the body ensures it makes informed decisions and properly manages its risks, including how it monitors and ensures appropriate legislative and regulatory requirements are met when it procures services.

The evidence on which our view is based:

In forming our conclusions, we have reviewed documentary evidence pertaining to both procurement exercises, including the oversight exercised by GLA over the processes undertaken on its behalf. This review included consideration of the control framework in place, the advice taken by GLA to support the decisions made and the use of EY specialists.

The impact on the GLA:

The evidence reviewed indicates that GLA may be exposed to the risk of financial loss and/or potential reputational damage.

The action required by the GLA to address the weakness:

Management has taken steps to rectify the weaknesses in the specific procurements impacted and has undertaken a full review to identify any further improvements that may be needed.

Management will need to ensure that any actions identified from this review are implemented on a timely basis, the control framework is appropriately designed and compliance with the control framework is monitored to mitigate the risk of future non-compliance. This includes controls operated internally as well as oversight over those operated on their behalf.

This issue is evidence of weaknesses in proper arrangements for governance, that is, how the body ensures it makes informed decisions and properly manages its risks, including how it monitors and ensure appropriate legislative and regulatory requires are met when it procures services.
We will review the outcome and management actions and report the outcome of our work on the Group and the Authority's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any further matters which we are required to report by exception.

Responsibilities of the Executive Director of Resources

As explained more fully in the Statement of Responsibilities set out on pages 14 and 15, the Executive Director of Resources is responsible for the preparation of the Statement of Accounts, which includes the financial statements, in accordance with proper practices as set out in the CIPFA/LASAAC Code of Practice on Local Authority Accounting in the United Kingdom 2021/22, and for being satisfied that they give a true and fair view and for such internal control as the Executive Director of Resources determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.
In preparing the financial statements, the Executive Director of Resources is responsible for assessing the Group and Authority's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Group and Authority either intends to cease operations, or has no realistic alternative but to do so.
The Authority is responsible for putting in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources, to ensure proper stewardship and governance, and to review regularly the adequacy and effectiveness of these arrangements.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below.
However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the company and management.
We obtained an understanding of the legal and regulatory frameworks that are applicable to the Authority and determined that the most significant are:

- Local Government Act 1972,
- Local Government Finance Act 1998 *(as amended by the Local Government Finance Act 1992)*
- Greater London Authority Acts 1999 and 2007
- Local Government Act 2003,
- The Local Authorities (Capital Finance and Accounting) (England) Regulations 2003 as amended in 2018 and 2020,
- Planning Act 2008 and the Community Infrastructure Levy Regulations 2010 (SI 2010/948)

- Business Rate Supplements Act 2009
- The Local Government Finance Act 2012
- The Local Audit and Accountability Act 2014 (as amended), and
- The Accounts and Audit Regulations 2015.

In addition, the Authority has to comply with laws and regulations in the areas of anti-bribery and corruption, data protection, employment Legislation, tax Legislation, general power of competence, procurement and health & safety.

We understood how the Greater London Authority is complying with those frameworks by understanding the incentive, opportunities and motives for non-compliance, including inquiring of management and obtaining and reading documentation relating to the procedures in place to identify, evaluate and comply with laws and regulations, and whether they are aware of instances of non-compliance. We corroborated this through our reading of the Authority's committee minutes, through review of Authority policies and other information. Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations and involved internal specialists as required in designing procedures and assessing compliance with relevant laws and regulations. Our procedures focused on compliance with the accounting framework through obtaining sufficient audit evidence in line with the level of risk identified and with relevant legislation. We understood how the Group is complying with those frameworks by making enquiries from those charged with governance, those responsible for legal and compliance procedures and for internal audit. We understood the oversight of those charged with governance, the culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment. We corroborated our enquiries through our review of board minutes and papers provided to the Audit Panel. We assessed the susceptibility of the Group and Authority's financial statements to material misstatement, including how fraud might occur by understanding the potential incentives and pressures for management to manipulate the financial statements, and performed procedures to understand the areas in which this would most likely arise. Based on our risk assessment procedures, we identified incorrect classification of capital spend and misstatements due to fraud or error to be our fraud risks. To address our fraud risk of incorrect classification of capital spend we tested the Authority's capitalised expenditure to ensure the capitalisation criteria were properly met and the expenditure was genuine.

To address our fraud risk of misstatement due to fraud or error, we tested specific journal entries identified by applying risk criteria to the entire population of journals. For each journal selected, we tested specific transactions back to source documentation to confirm that the journals were authorised and accounted for appropriately. We assessed whether the judgements made in making accounting estimates are indicative of a potential bias; and evaluated the business rationale of any identified significant transactions that were unusual or outside the normal course of business. These procedures were designed to provide reasonable assurance that the financial statements were free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Scope of the review of arrangements for securing economy, efficiency and effectiveness in the use of resources

We have undertaken our review in accordance with the Code of Audit Practice 2020, having regard to the guidance on the specified reporting criteria issued by the Comptroller and Auditor General in December 2021, as to whether the Greater London Authority had proper arrangements for financial sustainability, governance and improving economy, efficiency and effectiveness. The Comptroller and Auditor General determined these criteria as those necessary for us to consider under the Code of Audit Practice in satisfying ourselves whether the

Greater London Authority put in place proper arrangements for securing economy, efficiency and effectiveness in its use of resources for the year ended 31 March 2022.

We planned our work in accordance with the Code of Audit Practice. Based on our risk assessment, we undertook such work as we considered necessary to form a view on whether, in all significant respects, the Greater London Authority had put in place proper arrangements to secure economy, efficiency and effectiveness in its use of resources.

We are required under Section 20(1)(c) of the Local Audit and Accountability Act 2014 (as amended) to satisfy ourselves that the Authority has made proper arrangements for securing economy, efficiency and effectiveness in its use of resources.

We are not required to consider, nor have we considered, whether all aspects of the Authority's arrangements for securing economy, efficiency and effectiveness in its use of resources are operating effectively.

Delay in certification of completion of the audit

We cannot formally conclude the audit and issue an audit certificate until we have completed the work necessary to issue our assurance statement in respect of the Authority's Whole of Government Accounts consolidation pack. We are satisfied that this work does not have a material effect on the financial statements or our work on value for money arrangements.

In addition, we cannot formally conclude the audit and issue an audit certificate until we have completed our procedures on the Group's value for money arrangements for the year ended 31 March 2022. We are satisfied that this work does not have a material effect on the financial statements. We will report the outcome of our work on the Group's arrangements in our commentary on those arrangements within the Auditor's Annual Report. Our audit completion certificate will set out any matters which we are required to report by exception. Until we have completed these procedures, we are unable to certify that we have completed the audit of the accounts in accordance with the requirements of the Local Audit and Accountability Act 2014 (as amended) and the Code of Audit Practice issued by the National Audit Office.

Use of our report

This report is made solely to the Mayor of the Greater London Authority, as a body, in accordance with Part 5 of the Local Audit and Accountability Act 2014 (as amended) and for no other purpose, as set out in paragraph 43 of the Statement of Responsibilities of Auditors and Audited Bodies published by Public Sector Audit Appointments Limited. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and Authority and the Authority's members as a body, for our audit work, for this report, or for the opinions we have formed.

Janet Dawson (Key Audit Partner)
Ernst & Young LLP, (Local Auditor)
London
26 May 2023

Group Comprehensive Income and Expenditure Statement

2020/21 Gross Exp* £000	2020/21 Gross Income £000	As restated 2020/21 Net Exp* £000	Continuing operations	Note	2021/22 Gross Exp* £000	2021/22 Gross Income £000	2021/22 Net Exp* £000
8,438	(8)	**8,430**	Assembly & Secretariat		9,017	(9)	**9,008**
14,379	(647)	**13,732**	Chief Officer		29,367	(1,163)	**28,204**
48,404	(7,921)	**40,483**	Communities & Skills		68,691	(14,478)	**54,213**
133,164	(17,202)	**115,962**	Good Growth		122,053	(21,273)	**100,780**
859,568	(55,743)	**803,825**	Housing & Land		1,073,097	(92,048)	**981,049**
6,948	(34)	**6,914**	Mayor's Office		7,268	(21)	**7,247**
38,275	(22,145)	**16,130**	Resources		39,367	(2,109)	**37,258**
29,335	(10,829)	**18,506**	Strategy & Communications		31,600	(4,950)	**26,650**
316,857	(323,134)	**(6,277)**	Adult Education		323,758	(345,797)	**(22,039)**
21,064	(11,323)	**9,741**	Olympic Legacy		64,908	(7,029)	**57,879**
2,777	(2,539)	**238**	Funding London SMEs		2,726	(1,264)	**1,462**
27,049	(2,839)	**24,210**	Corporate & Group Items		20,794	(5,919)	**14,875**
1,506,258	**(454,364)**	**1,051,894**	**Cost Of Services**		**1,792,646**	**(496,060)**	**1,296,586**
		3,343,392	Other Operating Expenditure	11			3,608,891
		93,353	Financing and Investment Income and Expenditure	12			115,200
		90,038	Movement in the fair value of investment properties	26			(58,173)
		(4,859,254)	Taxation and Non-Specific Grant Income	13			(4,557,786)
		(280,577)	**(Surplus) or Deficit on Provision of Services**				**404,718**
		2,022	Tax expenses of subsidiaries				12,658
		(518)	Tax expenses of associates and joint ventures				-
		(279,073)	**Group (Surplus) or Deficit**				**417,376**
			Items that are or may be reclassified to the surplus or deficit on the provision of services				
		(7,405)	Net change in financial instruments measured at fair value through other comprehensive income				2,749
			Items that will never be reclassified to the surplus or deficit on the provision of services				
		(4,114)	(Surplus) or deficit on revaluation of non-current assets	43			13,630
		131,804	Remeasurements of the net defined benefit liability	21			(99,627)
		(11,957)	Increase/(decrease) in Members Capital				(11,179)
		(3,670)	Deferred tax asset on net defined benefit liability and on revalued property, plant and equipment				14,811
		104,658	**Other Comprehensive Income and Expenditure**				**(79,616)**
		(174,415)	**Total Comprehensive Income and Expenditure**				**337,760**

*Exp - Expenditure

Authority Comprehensive Income and Expenditure Statement

2020/21 Gross Exp £000	2020/21 Gross Income £000	2020/21 Net Exp £000	Gross expenditure, gross income and net expenditure of continuing operations	Note	2021/22 Gross Exp £000	2021/22 Gross Income £000	2021/22 Net Exp £000
8,438	(8)	8,430	Assembly & Secretariat		9,017	(9)	9,008
14,379	(647)	13,732	Chief Officer		29,564	(1,163)	28,401
48,404	(7,921)	40,483	Communities & Skills		68,691	(14,478)	54,213
133,163	(17,202)	115,961	Good Growth		122,053	(21,273)	100,780
865,596	(55,743)	809,853	Housing & Land		1,051,422	(54,449)	996,973
6,948	(34)	6,914	Mayor's Office		7,318	(21)	7,297
72,683	(2,551)	70,132	Resources		142,782	(2,109)	140,673
29,335	(10,829)	18,506	Strategy & Communications		31,600	(4,950)	26,650
316,857	(323,134)	(6,277)	Adult Education		323,758	(345,797)	(22,039)
58,279	(6,168)	52,111	Corporate and Group Items		64,578	(7,253)	57,325
1,554,082	**(424,237)**	**1,129,845**	**Cost of Services**		**1,850,783**	**(451,502)**	**1,399,281**
		3,371,280	Other operating expenditure	11			3,617,837
		91,646	Financing and investment income and expenditure	12			103,781
		(4,858,592)	Taxation and non-specific grant income and expenditure	13			(4,555,259)
		(265,821)	**(Surplus) or Deficit on Provision of Services**				**565,640**
			Items that will not be reclassified to the (Surplus) or Deficit on the Provision of Services				
		(287)	(Surplus) or deficit on revaluation of non-current assets	43			(154)
		111,539	Remeasurements of the net defined benefit liability	21			(88,628)
		(7,405)	Net change in the fair value of assets classified as Fair Value through Other Comprehensive Income	43			4,297
		103,847	**Other Comprehensive Income and Expenditure**				**(84,485)**
		(161,974)	**Total Comprehensive Income and Expenditure**				**481,155**

Group Movement in Reserves Statement

2021/22	Note	Authority: Non-Earmarked Reserves	Authority: Earmarked Reserves	Authority: Capital Receipts Reserve	Authority: Capital Grants Unapplied	Authority: Usable Reserves	Authority: Unusable Reserves	Authority: Total Authority Reserves	Adj between Authority and Group Usable	Adj between Authority and Group Unusable	Group: Authority's Share of Group Usable Subsidiaries' and Joint Venture's Reserves: Usable	Group: Authority's Share of Group Usable Subsidiaries' and Joint Venture's Reserves: Unusable	Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021		**(10,000)**	**(2,336,318)**	**(437,306)**	**(2,621,503)**	**(5,405,127)**	**5,970,414**	**565,287**	**-**	**-**	**(126,554)**	**529,197**	**(5,531,680)**	**6,499,610**	**967,930**
Movement in reserves in year															
Group (surplus) or deficit after tax		565,639	-	-	-	**565,639**	**-**	**565,639**	**(11,966)**		(136,297)	-	**417,376**	**-**	**417,376**
Tax on Other Comprehensive Income		-	-	-	-	**-**	**-**	**-**			-	14,811	**-**	**14,811**	**14,811**
Other Comprehensive Expenditure and Income		-	-	-	-	**-**	**(84,485)**	**(84,485)**			(21)	(9,921)	**(21)**	**(94,406)**	**(94,427)**
Comprehensive Expenditure and Income		**565,639**	**-**	**-**	**-**	**565,639**	**(84,485)**	**481,154**	**(11,966)**	**-**	**(136,318)**	**4,890**	**417,355**	**(79,595)**	**337,760**
Adjustment between authority accounts and group accounts			-	-		**-**	**-**	**-**	**-**		660	39	**660**	39	**699**
Other adjustments		-	-								(100)		**(100)**	**-**	(100)
Adjustments between accounting basis and funding basis under regulations	9	(91,406)	-	(184,534)	635,385	**359,445**	**(359,445)**	**-**	**11,966**	**(11,966)**	106,113	(106,113)	**477,524**	**(477,524)**	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**474,233**	**-**	**(184,534)**	**635,385**	**925,084**	**(443,930)**	**481,154**	**-**	**(11,966)**	**(29,645)**	**(101,184)**	**895,439**	**(557,080)**	**338,359**
Transfers (to)/from Earmarked Reserves	10	(474,233)	474,233	-	-	**-**	**-**	**-**			-	-	**-**	**-**	**-**
(Increase)/Decrease in year		**-**	**474,233**	**(184,534)**	**635,385**	**925,084**	**(443,930)**	**481,154**	**-**	**(11,966)**	**(29,645)**	**(101,184)**	**895,439**	**(557,080)**	**338,359**
Balance at 31 March 2022		**(10,000)**	**(1,862,085)**	**(621,840)**	**(1,986,118)**	**(4,480,043)**	**5,526,484**	**1,046,441**	**-**	**(11,966)**	**(156,199)**	**428,013**	**(4,636,241)**	**5,942,530**	**1,306,289**

2020/21 As restated	Note	Authority: Non-Earmarked Reserves	Authority: Earmarked Reserves	Authority: Capital Receipts Reserve	Authority: Capital Grants Unapplied	Authority: Usable Reserves	Authority: Unusable Reserves	Authority: Total Authority Reserves	Group: Authority's Share of Subsidiaries' and Joint Venture's Reserves: Usable	Group: Authority's Share of Subsidiaries' and Joint Venture's Reserves: Unusable	Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020		(10,000)	(726,532)	(425,524)	(2,377,562)	**(3,539,618)**	**4,266,881**	**727,263**	(111,235)	232,968	**(3,650,853)**	**4,499,849**	**848,996**
Prior year adjustment		-	-	-	-	**-**	**-**	**-**	-	294,046		**294,046**	**294,046**
Restated balance as at 1 April 2020		(10,000)	(726,532)	(425,524)	(2,377,562)	**(3,539,618)**	**4,266,881**	**727,263**	(111,235)	527,014	**(3,650,853)**	**4,793,895**	**1,143,042**
Movement in reserves in year													
Group (surplus) or deficit after tax		(265,821)	-	-	-	**(265,821)**	**-**	**(265,821)**	(13,252)	-	**(279,073)**	**-**	**(279,073)**
Tax on Other Comprehensive Income		-	-	-	-	**-**	**-**	**-**	-	-	**-**	**-**	**-**
Other Comprehensive Expenditure and Income		-	-	-	-	**-**	**103,847**	**103,847**	-	811	**-**	**104,658**	**104,658**
Comprehensive Expenditure and Income		**(265,821)**	**-**	**-**	**-**	**(265,821)**	**103,847**	**(161,974)**	(13,252)	811	**(279,073)**	**104,658**	**(174,415)**
Adjustment between authority accounts and group accounts		-	-	-		**-**	**-**	**-**	-	-	**-**	-	**-**
Other adjustments		-	-	(1)	(1)	**(1)**		**(1)**	403	(1,099)	**402**	(1,099)	(697)
Adjustments between accounting basis and funding basis under regulations	9	(1,343,965)	-	(11,781)	(243,940)	**(1,599,686)**	**1,599,686**	**-**	(2,470)	2,470	**(1,602,156)**	**1,602,156**	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		(1,609,786)	-	(11,782)	(243,941)	**(1,865,508)**	**1,703,533**	**(161,975)**	(15,319)	2,182	**(1,880,827)**	**1,705,715**	**(175,112)**
Transfers (to)/from Earmarked Reserves	10	1,609,786	(1,609,786)	-	-	**-**	**-**	**-**	-	-	**-**	**-**	**-**
(Increase)/Decrease in year		-	(1,609,786)	(11,782)	(243,941)	**(1,865,508)**	**1,703,533**	**(161,975)**	(15,319)	2,182	**(1,880,827)**	**1,705,715**	**(175,112)**
Balance at 31 March 2021 as restated		**(10,000)**	**(2,336,318)**	**(437,306)**	**(2,621,503)**	**(5,405,126)**	**5,970,414**	**565,288**	(126,554)	529,196	**(5,531,680)**	**6,499,610**	**967,931**

Balance Sheet

	Note	Authority 31 March 2022 £000	Group 31 March 2022 £000	Authority 31 March 2021 £000	As restated Group 31 March 2021 £000	As restated Group 1 April 2020 £000
Property, plant & equipment	25	16,522	24,224	5,400	34,324	33,924
Investment property	26	-	240,166	-	194,416	245,041
Intangible assets		2,955	3,240	3,331	3,601	3,351
Long term investments	29,50	1,613,467	1,895,875	746,921	1,141,423	713,672
Equity Investment in Limited Partnership	49	-	2	-	2	2
Long term debtors	34,50	802,852	140,882	781,339	133,333	129,583
Finance lease receivables	35	-	49,156	-	86,265	80,228
Long Term Assets		**2,435,796**	**2,353,545**	**1,536,991**	**1,593,364**	**1,205,801**
Short term investments	50	1,483,992	1,818,793	1,863,477	1,972,642	2,046,089
Finance lease receivables	35	-	50,764	-	10,910	61,156
Inventories	37	-	411,703	-	323,123	304,387
Trade and other receivables	38	1,658,591	1,438,015	2,175,292	1,875,011	691,613
Cash and Cash Equivalents	39	801,106	897,175	1,587,037	1,669,323	1,676,970
Current Assets		**3,943,689**	**4,616,450**	**5,625,806**	**5,851,009**	**4,780,215**
Short term borrowing	50,51	(477,996)	(407,349)	(447,972)	(391,316)	(152,880)
Short term creditors	40	(1,106,746)	(1,203,450)	(1,516,849)	(1,605,705)	(410,594)
Receipts in advance - revenue	16	(8,310)	(8,571)	(4,446)	(5,501)	(180,911)
Receipts in advance - capital	16	(86,268)	(86,838)	(53,716)	(53,716)	(76,355)
Finance lease liabilities	35	-	(22)	-	(1)	(1)
Provisions	41	(15,426)	(246,913)	(233)	(63,959)	(70,892)
Current Liabilities		**(1,694,746)**	**(1,953,143)**	**(2,023,216)**	**(2,120,198)**	**(891,633)**
Long term creditors		(2,856)	(125,415)	(2,243)	(61,877)	(66,064)
Provisions	41	(397,574)	(623,568)	(493,289)	(916,909)	(687,622)
Long term borrowing	50,51	(5,122,791)	(5,287,412)	(4,945,604)	(4,951,113)	(5,310,829)
Finance lease liabilities	35	-	(300)	-	(35)	(36)
Net pensions liability	21	(207,959)	(256,715)	(262,190)	(298,675)	(153,635)
Receipts in advance - revenue	16	-	(1,592)	-	(6,687)	-
Receipts in advance - capital	16	-	(11,655)	(1,543)	(45,649)	(8,095)
Deferred tax liability	52	-	(16,483)	-	(11,160)	(11,146)
Long Term Liabilities		**(5,731,180)**	**(6,323,140)**	**(5,704,869)**	**(6,292,105)**	**(6,237,427)**
Net Assets/(Liabilities)		**(1,046,441)**	**(1,306,289)**	**(565,288)**	**(967,930)**	**(1,143,044)**
Usable reserves		(4,480,043)	(4,636,241)	(5,405,126)	(5,531,679)	(3,650,852)
Unusable Reserves	43	5,526,484	5,942,530	5,970,414	6,499,609	4,793,896
Total Reserves		**1,046,441**	**1,306,289**	**565,288**	**967,930**	**1,143,044**

Cash Flow Statement

	Note	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	As restated Group 2020/21 £000
Net surplus or (deficit) on the provision of services		(565,639)	(417,376)	265,821	279,074
Adjustments to net surplus or deficit on the provision of services for non-cash movements	44	(30,349)	(117,854)	83,699	135,436
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45	(543,094)	(640,022)	(1,163,215)	(1,198,152)
Net cash flows from Operating Activities		**(1,139,082)**	**(1,175,252)**	**(813,695)**	**(783,642)**
Investing Activities	46	160,849	4,520	867,873	827,994
Financing Activities	47	192,302	398,583	(65,279)	(51,997)
Net increase or (decrease) in cash and cash equivalents		**(785,931)**	**(772,149)**	**(11,101)**	**(7,645)**
Cash and cash equivalents at 1 April	39	1,587,037	1,669,323	1,598,138	1,676,970
Cash and cash equivalents at 31 March		**801,106**	**897,175**	**1,587,037**	**1,669,324**

Notes to the Core Financial Statements

1. Changes in accounting policies, prior period restatements and reclassifications

Changes in accounting polices

Note 2 Inventories has been updated to include LLDC's approach to the valuation of inventory under IPSAS 12 Inventories.

Prior period adjustments (PYA)

LLDC has made several prior period adjustments for errors identified within their accounts which also have an impact on the GLA Group accounts. The adjustments have been made by restating each of the affected financial statement line items for prior periods. The explanation and tables below summarise the impacts on the Group's consolidated financial statements for the aforementioned LLDC adjustments (PYA 1 to PYA 10). In addition to the prior period adjustment made within LLDC's accounts, there is also one prior year adjustment made to the GLA group disclosures as a result of an error on consolidation in the prior year (PYA 11).

PYA 1 **Correction of transactions that were netted off within 2020/21 Property, Plant and Equipment** – the disposals of Assets Under Construction, £74.8m were netted off against the additions of £74.8m. This has been corrected (nil net effect) with each transaction reported gross in the respective lines.

PYA 2 **Correction of Cashflow Statement and related notes disclosure errors:** Two errors, relating to the disposal of property, plant and equipment assets and investment properties, were identified in the prior-year notes to the Cashflow Statement; these were disclosure errors only and did not affect the final closing cash balance. LLDC has corrected the errors and restated the Cashflow Statement and supporting notes accordingly.

PYA 3 **Correction of Revenue Expenditure Funded from Capital Under Statute (REFCUS) disclosures:** Revenue expenditure funded from capital under statute (REFCUS) was incorrectly shown as additions and disposals (nil net effect) within Note 25 Property, Plant and Equipment in the 2020/21 accounts. LLDC has therefore corrected the prior-year comparators in this year's accounts.

PYA 4 **Reclassification of investment properties to inventories:** In 2021/22, a review of the investment property classification identified that two of LLDC's residential development assets – Chobham Manor and East Wick and Sweetwater (phase 1) – had previously triggered the criteria to be transferred from investment properties to inventories, so needed correcting. This reclassification affects the CIES, Balance Sheet, Cashflow Statement and various supporting notes. It also requires a restatement of the opening Balance Sheet as at 1 April 2020.

PYA 5 **Reclassification of investment properties (East Bank) to inventories:** The above review also identified that parts of the East Bank project should also be reclassified from investment properties to inventories as these properties are ultimately being built for sale (albeit some are for nil consideration). This is in line with IAS 40 (Investment Properties) and IAS 2 (Inventories) and relates to the cultural and education buildings (University of the Arts London, V&A, Sadler's Wells and BBC) and the retail units at Stratford Waterfront. The costs incurred on the buildings up to 31 March 2021 were previously classified as either Assets under Construction (within Property, Plant and Equipment) or REFCUS and so require reclassification to inventories. This reclassification affects the CIES, Balance Sheet, Cashflow Statement and various supporting notes. It also requires a restatement of the opening Balance Sheet as at 1 April 2020.

PYA 6 **Reclassification of East Bank expenditure from Assets under Construction to investment properties:** The above review identified that previous years' expenditure relating to the parts of the East Bank project remaining as investment properties (public realm and the Carpenters Land Bridge) needed to be reclassified from Assets under Construction to investment properties. This reclassification affects the Balance Sheet and two supporting notes (Property, Plant and Equipment and Investment Properties). It also requires a restatement of the opening Balance Sheet as at 1 April 2020.

PYA 7 **Establishment of a provision for LLDC's contributions towards the cost of the East Bank buildings now classified as inventories:** The review of East Bank identified that LLDC's contributions towards the cost of the cultural and education buildings (University of the Arts London, V&A, Sadler's Wells and BBC) and the retail units at Stratford Waterfront require a provision to be established from the date that the agreements for lease were signed (all pre-31 March 2020). The provision is in line with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and is based on LLDC's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. This adjustment affects the CIES, Balance Sheet, Cashflow Statement and various supporting notes. It also requires a restatement of the opening Balance

PYA 8 **Deferral of East Bank partner contributions:** The review of East Bank project identified that any contributions towards the cost of the cultural and education buildings by the Partners (mainly University of the Arts London and BBC) should be deferred until the buildings are completed and handed over to the Partners (expected to occur in 2023/24). This adjustment is in line with IAS 18 (Revenue) and affects the CIES, Balance Sheet, Cashflow Statement and various supporting notes. It also requires a restatement of the opening Balance Sheet as at 1 April 2020.

PYA 9 **Reversal of deferred tax asset on the net defined benefit liability:** The deferred tax asset on the net defined benefit liability was incorrectly adjusted twice from the General Fund (via the Movement in Reserves Statement) in the audited 2020/21 accounts. This is now corrected and affects the Balance Sheet, Movement in Reserves Statement and associated supporting notes.

PYA 10 **Onerous cost provision:** This year, a detailed review of the provision and its underlying assumptions (including the discount rates applied) was undertaken which identified that the assumptions and methodology used to estimate the provision were found to be not compliant with the requirements of IAS 37. The revised provision reflects corrections to the attributable costs, the discount period and the discount rate with a resultant restatement of the provision in prior years.

PYA 11 **Correction of classification of intra-group consolidation adjustments:** In Note 50a, Financial Instruments, Long Term Debtors equal and offsetting consolidation adjustments of £416.6m have been made within the note to restate the group balances of financial assets at amortised costs and financial assets at fair value through profit and loss.

The impact of the prior period adjustments is set out in the tables below:

2020/21 Comprehensive Income and Expenditure Statement

Continuing operations	Note	As previously reported Group 2020/21 Exp* £000	2020/21 Income £000	2020/21 Net Exp* £000	PYA 4 IP to Inventories (Residential) £000	PYA 5 IP to Inventories (East Bank) £000	PYA 7 East Bank provision £000	PYA 8 East Bank deferred income £000	PYA 10 Onerous Cost Provision £000	As restated Group 2020/21 Gross Exp* £000	2020/21 Income £000	2020/21 Net Exp* £000
Olympic Legacy		119,147	(11,323)	107,824	0	(74,822)	44,931	0	(68,192)	21,064	(11,323)	9,741
Cost Of Services		1,604,341	(454,364)	1,149,977	-	(74,822)	44,931	-	(68,192)	1,506,258	(454,364)	1,051,894
Other Operating Expenditure	11			3,371,280	38	(27,926)	-	-	-			3,343,391
Financing and Investment Income and Expenditure	12			91,542	-	-	-	-	1,812			93,354
Movement in the fair value of investment properties				44,588	(18,807)	64,257	-	-	-			90,038
Taxation and Non-Specific Grant Income	13			(4,885,060)	-	-	-	25,806	-			(4,859,254)
(Surplus) or Deficit on Provision of Services				(227,673)	(18,769)	(38,491)	44,931	25,806	(66,380)	1,506,258	(454,364)	(280,577)
Group (Surplus) or Deficit				(226,169)	(18,769)	(38,491)	44,931	25,806	(66,380)	1,506,258	(454,364)	(279,073)
Other Comprehensive Income and Expenditure				104,658	-	-	-	-	-	-	-	104,658
Total Comprehensive Income and Expenditure				(121,511)	(18,769)	(38,491)	44,931	25,806	(66,380)	1,506,258	(454,364)	(174,415)

*Expenditure

2020/21 Movement in Reserves Statement

	Note	As previously reported									As restated		
		Group Usable	Group Unusable	Total Reserves	PYA 4 IP to Inventories (Residential)	PYA 5 IP to Inventories (East Bank)	PYA 6 East Bank Assets under Construction (to IP)	PYA 7 East Bank provision	PYA 8 East Bank deferred income	PYA 10 Onerous Cost Provision	Group Usable	Group Unusable	Total Reserves
		£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000	£000
Balance at 31 March 2020		**(3,650,853)**	**4,499,849**	**848,996**	**-**	**-**	**-**	**-**	**-**	**-**	**(3,650,853)**	**4,499,849**	**848,996**
Prior year adjustment		-	-	-	20,943	(132,696)	24,245	291,950	13,762	75,842	-	**294,046**	**294,046**
Restated balance as at 1 April 2020		**(3,650,853)**	**4,499,849**	**848,996**	**20,943**	**(132,696)**	**24,245**	**291,950**	**13,762**	**75,842**	**(3,650,853)**	**4,793,895**	**1,143,042**
Movement in reserves in year													
Group (surplus) or deficit after tax		**(226,169)**	**-**	**(226,169)**	(18,769)	(38,491)	-	44,931	25,806	(66,380)	**(279,072)**	**-**	**(279,072)**
Other Comprehensive Expenditure and Income		**-**	**104,658**	**104,658**							**-**	**104,658**	**104,658**
Comprehensive Expenditure and Income		**(226,169)**	**104,658**	**(121,511)**	**(18,769)**	**(38,491)**	**-**	**44,931**	**25,806**	**(66,380)**	**(279,072)**	**104,658**	**(174,414)**
Adjustment between authority accounts and group accounts		**-**	-	**-**							**-**	-	**-**
Other adjustments		**401**	**(1,040)**	**(639)**	**-**	**-**	**-**	**-**	**-**	**(58)**	**401**	**(1,098)**	**(697)**
Adjustments between accounting basis and funding basis under regulations	9	**(1,617,982)**	**1,617,982**	**-**	18,769	5,092	-	(44,931)	(29,485)	66,380	**(1,602,157)**	**1,602,157**	**-**
Net (Increase)/Decrease before Transfers to Earmarked Reserves		**(1,843,750)**	**1,721,600**	**(122,150)**	**-**	**(33,399)**	**-**	**-**	**(3,679)**	**(58)**	**(1,880,828)**	**1,705,717**	**(175,111)**
Transfers (to)/from Earmarked Reserves	10	-	-	-	-	-	-	-	-	-	-	-	-
(Increase)/Decrease in year		**(1,843,750)**	**1,721,600**	**(122,150)**	**-**	**(33,399)**	**-**	**-**	**(3,679)**	**(58)**	**(1,880,828)**	**1,705,717**	**(175,111)**
		-	-								-	-	
Restated balance at 31 March 2021		**(5,494,603)**	**6,221,449**	**726,846**	**20,943**	**(166,095)**	**24,245**	**291,950**	**10,083**	**75,784**	**(5,531,681)**	**6,499,612**	**967,931**

1 April 2020 Balance Sheet

	Note	**As restated Group 1 April 2020**	PYA 4 - IP to Inventories (Residential)	PYA 5 IP to Inventories (East Bank)	PYA 6 East Bank Assets under Construction (to IP)	PYA 7 East Bank provision	PYA 8 East Bank deferred income	PYA 10 Onerous Cost Provision	**As previously reported Group 31 March 2020**
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Property, plant & equipment	25	33,924	-	(91,053)	(24,245)	-	-	-	149,222
Investment property	26	245,041	(78,708)	189,391	-	-	-	-	134,358
Long Term Assets		**1,205,801**	**(78,708)**	**98,338**	**(24,245)**	**-**	**-**	**-**	**1,210,416**
Inventories	37	304,387	57,765	34,358	-	-	-	-	212,264
Trade and other receivables	38	691,613	-	-	-	-	(13,763)	-	705,376
Current Assets		**4,780,215**	**57,765**	**34,358**	**-**	**-**	**(13,763)**	**-**	**4,701,855**
Provisions	41	(70,892)	-	-		(59,084)	-	20,865	(32,673)
		-							
Current Liabilities		**(891,633)**	**-**	**-**	**-**	**(59,084)**	**-**	**20,865**	**(853,414)**
Provisions	41	(687,622)	-	-	-	(232,867)	-	(96,707)	(358,048)
Receipts in advance - capital	16	(8,095)	-	-	-	-	-		(8,095)
Long Term Liabilities		**(6,237,427)**	**-**	**-**	**-**	**(232,867)**	**-**	**(96,707)**	**(5,907,853)**
Net Assets/(Liabilities)		**(1,143,044)**	**(20,943)**	**132,696**	**(24,245)**	**(291,951)**	**(13,763)**	**(75,842)**	**(848,996)**
Usable reserves		(3,650,852)	-	-	-	-	-	-	(3,650,852)
Unusable Reserves	43	4,793,896	20,943	(132,696)	24,245	291,951	13,763	75,842	4,499,848
Total Reserves		**1,143,044**	**20,943**	**(132,696)**	**24,245**	**291,951**	**13,763**	**75,842**	**848,996**

31 March 2021 Balance Sheet

	Note	As restated Group 31 March 2021	PYA 4 - IP to Inventories (Residential)	PYA 5 IP to Inventories (East Bank)	PYA 6 East Bank Assets under Construction (to IP)	PYA 7 East Bank provision	PYA 8 East Bank deferred income	PYA 8 East Bank deferred income	PYA 9 Deferred tax asset	PYA 10 Onerous Cost Provision	As previously reported Group 31 March 2021
		£000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Property, plant & equipment	25	34,324	-	(102,403)	(28,616)	-	-	-	-	-	165,343
Investment property	26	194,416	(54,949)	159,505	-	-	-	-	-	-	89,860
Long Term Assets		**1,593,364**	**(54,949)**	**57,102**	**(28,616)**	**-**	**-**	**-**	**-**	**-**	**1,619,827**
Inventories	37	323,123	52,775	59,433	-						210,915
Trade and other receivables	38	1,875,011						(2,076)			1,877,087
Current Assets		**5,851,009**	**52,775**	**59,433**	**-**	**-**	**-**	**(2,076)**	**-**	**-**	**5,740,877**
Provisions	41	(63,959)				(55,178)				14,136	(22,917)
		-									-
Current Liabilities		**(2,120,199)**	**-**	**-**	**-**	**(55,178)**	**-**	**-**	**-**	**14,136**	**(2,079,157)**
Provisions	41	(916,909)				(222,620)				(23,598)	(670,691)
Receipts in advance - capital	16	(45,649)					(37,493)				(8,156)
Long Term Liabilities		**(6,292,104)**	**-**	**-**	**-**	**(222,620)**	**(37,493)**	**-**	**-**	**(23,598)**	**(6,008,393)**
Net Assets/(Liabilities)		**(967,930)**	**(2,174)**	**116,535**	**(28,616)**	**(277,798)**	**(37,493)**	**(2,076)**	**-**	**(9,462)**	**(726,846)**
Usable reserves		(5,531,680)	-	(33,399)	-				(3,679)		(5,494,602)
Unusable Reserves	43	6,499,610	2,174	(83,136)	28,616	277,798	37,493	2,076	3,679	9,462	6,221,448
Total Reserves		**967,930**	**2,174**	**(116,535)**	**28,616**	**277,798**	**37,493**	**2,076**	**-**	**9,462**	**726,846**

2020/21 Cash Flow Statement

	Note	As previously reported Group 2020/21 £000	PYA 2 CFS disclosures £000	PYA 3 REFCUS £000	PYA 4 IP to inventories (Residential) £000	PYA 5 IP to inventories (East Bank) £000	PYA 7 East Bank provision £000	PYA 8 East Bank deferred income £000	PYA 10 Onerous Cost Provision £000	As restated Group 2020/21 £000
Net surplus or (deficit) on the provision of services		226,169	-	-	18,769	38,491	(44,931)	(25,806)	66,380	279,072
Adjustments to net surplus or deficit on the provision of services for non-cash movements	44	198,347	33,459	-	(48,769)	32,932	(14,153)	-	(66,380)	135,436
Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities	45	(1,223,758)	-	-	(200)	-	-	25,806	-	(1,198,152)
Net cash flows from Operating Activities		**(799,242)**	**33,459**	**-**	**(30,200)**	**71,423**	**(59,084)**	**-**	**-**	**(783,644)**
Investing Activities	46	843,592	(74,882)	41,423	200	17,661	-	-	-	827,994
Financing Activities		(51,997)	-	-	-	-	-	-	-	(51,997)
Net increase or (decrease) in cash and cash equivalents		**(7,647)**	**(41,423)**	**41,423**	**(30,000)**	**89,084**	**(59,084)**	**-**	**-**	**(7,647)**
Cash and cash equivalents at 1 April		1,676,970	-	-	-	-	-	-		1,676,970
Restated Cash and cash equivalents at 31 March 2021		**1,669,323**	**(41,423)**	**41,423**	**(30,000)**	**89,084**	**(59,084)**	**-**	**-**	**1,669,323**

2020/21 Adjustments between accounting basis and funding basis under regulations - Note 9

	As previously reported Group Total Usable Reserves £000	PYA 4 - IP to Inventories (Residential) £000	PYA 5 IP to Inventories (East Bank) £000	PYA 7 East Bank provision £000	PYA 8 East Bank deferred income £000	PYA 10 Onerous Cost Provision £000	PYA 8 East Bank deferred income £000	**As restated Group Total Usable Reserves £000**
Adjustments to Revenue Resources								
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,067,551)	18,769	5,092	(44,931)	-	66,380	-	(1,022,240)
Total Adjustments to Revenue Resources	(2,748,251)	18,769	5,092	(44,931)	-	66,380	(3,679)	(2,706,619)
Adjustments between Revenue and Capital Resources								
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	-	-	-		(25,806)	-	-	(25,806)
Total Adjustments between Revenue and Capital Resources	155,009	-	-	-	(25,806)	-	-	129,203
Total Adjustments to Capital Resources	975,260	-	-	-	-		-	975,260
Total Adjustments	(1,617,982)	18,769	5,092	(44,931)	(25,806)	66,380	(3,679)	(1,602,156)

2020/21 Other Operating Expenditure - Note 11

	As previously reported	PYA 4 - IP to Inventories (Residential)	PYA 5 IP to Inventories (East Bank)	As restated
	Group 2020/21 £000	£000	£000	Group 2020/21 £000
Inventories - Increase/(decrease) to net realisable value (LLDC)	-	-	2,074	2,074
Inventories - (Gain)/loss on disposal (LLDC)	-	38	(30,000)	(29,962)
Total Other Operating Expenditure	3,371,280	38	(27,926)	3,343,392

2020/21 Taxation and non-specific grant income and expenditure - Note 13

	As previously reported	PYA 8 East Bank deferred income	As restated
	Group 2020/21 £000	£000	Group 2020/21 £000
Capital grants and contributions (see Note 16)	(1,246,397)	25,806	(1,220,591)
Total taxation and non-specific grant income and expenditure	(4,885,060)	25,806	(4,859,254)

2020/21 Property, Plant and Equipment - Assets Under Construction - Note 25	**As previously reported**	PYA 1 Correction of netting off	PYA 3 REFCUS	PYA 5 IP to inventories (East Bank)	PYA 6 East Bank Assets under Construction (to IP)	**As restated**
	Group 2020/21					**Group 2020/21**
Cost or Valuation	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**
Balances at 30 March 2020	117,125	-	-		-	117,125
Prior period adjustments	-	-		(91,053)	(24,245)	(115,298)
Restated balances as at 1 April 2020	117,125	-	-	(91,053)	(24,245)	1,827
Additions	16,091	74,887	(41,423)	(11,350)	(4,371)	33,834
Derecognition- disposals	-	(74,882)	41,423	-	-	(33,459)
Other movements in cost or valuation	6	(5)	-	-	-	1
Balances at 31 March 2021 as restated	133,222	0	-	(102,403)	(28,616)	2,203

2020/21 Investment Properties - Note 26

	As previously reported Group 2020/21 £000	PYA 4 IP to Inventories (Residential) £000	PYA 5 IP to Inventories (East Bank) £000	PYA 6 East Bank Assets under Construction £000	As restated Group 2020/21 £000
Balances at 31 March 2020	134,358	-	-	-	134,358
Prior year adjustments	-	(78,708)	189,391	-	110,683
Restated balances as at 1 April 2020	134,358	(78,708)	189,391	-	245,041
Subsequent expenditure	46,816	(32,214)	-	4,371	18,973
Disposals	(71,565)	37,166	30,000	-	(4,399)
Net gains/(losses) from fair value adjustments	(44,588)	18,807	(59,886)	(4,371)	(90,038)
Balance at 31 March 2021 as restated	89,860	(54,949)	159,505	-	194,416

Fair value hierarchy - Note 26

2020/21 recurring fair value measurements using:

	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2021 £000
London Legacy Development Corp.				
Other assets - as previously reported	(35,032)	29,890	4,765	**(377)**
PYA 4 IP to Inventories (Residential) and PYA 5 IP to Inventories (East Bank)	60,642	82,473	(38,559)	104,556
Other assets - restated	25,610	112,363	(33,794)	**104,179**

2020/21 Inventories - Note 37

	As previously reported Group 2020/21 £000	PYA 4 IP to inventories £000	PYA 5 IP to Inventories (East Bank) £000	As restated Group 2020/21 £000
Balances at 31 March 2020	212,264			212,264
Prior year adjustments	-	57,765	34,358	92,123
Restated balances as at 1 April 2020				304,387
Purchases	3,471	32,214	86,232	121,917
Recognised as an expense in the year	(3,966)	(37,204)		(41,170)
Purchases offset against grant provision	-	-	(59,084)	(59,084)
Write down to net realisable value	(1,708)	-	(2,074)	(3,782)
Balances at 31 March 2021 as restated	210,915	52,775	59,433	323,123

2020/21 Debtors - Note 38

	As previously reported	PYA 8 East Bank deferred income	As restated
Other entities and individuals	313,088	(2,076)	311,012
Total	1,877,087	(2,076)	1,875,011

Provisions Note 41

	As previously reported LLDC Onerous Cost	PYA 10 E20 LLDC Onerous Contract	As restated Group LLDC Onerous Cost	PYA 7 East Bank provision	As restated Group East Bank grant Provision
	£000	£000	£000	£000	£000
Balance at 31 March 2020	(200,451)		**(200,451)**	-	**-**
Prior year adjustments	-	(75,842)	**(75,842)**	(291,951)	**(291,951)**
Balance at 1 April 2020	**(200,451)**	(75,842)	**(276,293)**	(291,951)	**(291,951)**
Additional provisions made	-	17,274	**17,274**	(44,931)	**(44,931)**
Amounts used	403	10,364	**10,767**	59,084	**59,084**
Effect of changes in discount rate	-	40,554	**40,554**	-	**-**
Unwinding of discount	-	(1,812)	**(1,812)**	-	**-**
Balance at 31 March 2021	**(200,048)**	**(9,462)**	**(209,510)**	**(277,798)**	**(277,798)**

2020/21 Capital Adjustment Account - Note 43	As previously reported	PYA 4 IP to inventories (Residential)	PYA 5 IP to inventories (East Bank)	PYA 6 East Bank Assets under Construction (to IP)	PYA 7 East Bank provision	PYA 8 East Bank deferred income	PYA 9 Deferred tax asset	PYA 10 Onerous Cost Provision	As restated
	Group 2020/21 £000	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**£000**	**Group 2020/21 £000**
Balances at 31 March 2020	4,769,139	-	-	-	-	-	-	-	4,769,139
Prior year adjustments	-	20,943	(132,696)	24,245	291,951	13,763		75,842	294,048
Restated balances as at 1 April 2020	4,769,139	20,943	(132,696)	24,245	291,951	13,763	-	75,842	5,063,187
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Account	37,703	(18,807)	64,257	-	-	-	-	-	83,153
Revenue expenditure funded from capital under statute	1,093,079	-	(41,423)	-	-	-	-	-	1,051,656
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Account	(4,197)	-	-	-	-	-	3,679	-	(518)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	67,766	(37,166)	(30,000)	-	-	-	-	-	600
Amounts of inventories written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	37,204	2,074	-	-	-	-	-	39,278
Other adjustment	-	-	-	-	-	-	-	(61)	(61)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(120,250)	-	-	-	-	25,806	-	-	(94,444)
Increase/decrease in provisions for capital purposes	-	-	-	-	44,931	-	-	(66,380)	(21,449)
Balances at 31 March 2021 as restated	4,706,863	2,174	(137,788)	24,245	336,882	39,569	3,679	9,462	4,985,025

2020/21 Note 44 - Adjustments to net surplus or deficit on the provision of services for non-cash movements:

	As previously reported Group 2020/21 £000	PYA 2 CFS disclosures £000	PYA 4 IP to inventories (Residential) £000	PYA 5 IP to inventories (East Bank) £000	PYA 7 East Bank provision £000	PYA 10 Onerous Cost Provision £000	As restated Group 2020/21 £000
Carrying amount of non-current assets sold or derecognised	67,366	-	(67,166)	-	-	-	200
Inventory disposals (non-East Bank)	-	-	37,204	-	-	-	37,204
Inventory net change to net realisable value	-	-	-	2,074	-	-	2,074
Property Plant and equipment assets written out	-	33,459	-	(33,399)	-	-	60
Change in fair value of investment property	44,587	-	(18,807)	64,257	-	-	90,037
Increase/(decrease) in creditors and deferred income	933,765	-	-	-	-	-	933,765
Increase/(decrease) in provisions	305,533	-	-	-	(14,153)	(66,380)	225,000
Total adjustments to net surplus or deficit on the provision of services for non-cash movements	198,347	33,459	(48,769)	32,932	(14,153)	(66,380)	135,436

2020/21 Note 45 - Adjustments for items included in the net surplus or deficit on the provision of services that are investing and financing activities:

	As previously reported Group 2020/21 £000	PYA 4 IP to inventories (Residential) £000	PYA 8 East Bank deferred income	As restated Group 2020/21 £000
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	-	(200)	-	(200)
Reversal of capital grants recognised in the income and expenditure statement	(1,226,682)	-	25,806	(1,200,876)
Total adjustments to net surplus or deficit on the provision of services for non-cash movements	(1,223,758)	(200)	25,806	(1,198,152)

2020/21 Note 46 - Cash Flow Statement - Investing Activities

	As previously reported Group 2020/21 £000	PYA 1 Correction of netting off	PYA 2 CFS disclosures £000	PYA 3 REFCUS £000	PYA 4 IP to inventories (Residential) £000	PYA 5 IP to inventories (East Bank) £000	As restated Group 2020/21 £000
Purchase of property, plant and equipment, investment property and intangible assets	(68,720)	(74,882)	-	41,423	32,214	44,809	(25,156)
Property Plant and equipment assets written out	-	74,882	(74,882)	-	-	-	-
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	2,306	-	-	-	200	-	2,506
Inventory purchases not set against provision (LLDC East Bank)	-	-	-	-	-	(27,148)	(27,148)
Inventory purchases (LLDC non-East Bank)	-	-	-	-	(32,214)	-	(32,214)
Capital grants received	1,260,759	-	-	-	-	-	1,260,759
Total investing activities	843,592	-	(74,882)	41,423	200	17,661	827,994

2020/21 Debtors-Long Term Note 50a

	As previously reported Group 2020/21 £000	PYA 11 FVTPL Cons Adj £000	As restated Group 2020/21 £000
Financial assets at amortised costs	(286,499)	416,557	130,058
Financial assets at FVTPL	419,831	(416,557)	3,274
Total Debtors	219,598	-	219,598

2. Accounting Policies

i. Code of Practice

The Statement of Accounts summarises the Greater London Authority's ("GLA"/" the Authority") and the GLA Group's ("the Group") transactions for the 2021/22 financial year and its position at 31 March 2022. The Authority is required to prepare an annual Statement of Accounts by the Accounts and Audit (England) Regulations 2015, which require the accounts to be prepared in accordance with proper accounting practices. These practices primarily comprise the Code of Practice on Local Authority Accounting in the United Kingdom 2021/22 ("the Code") and the International Financial Reporting Standards ("IFRS") adopted by the United Kingdom ("Adopted IFRS"). The Group financial statements have been prepared in accordance with the Code.

ii. Basis of Accounting

The accounts are prepared as at 31 March.

The accounting convention adopted in the Statement of Accounts is principally historical cost, modified by the revaluation of certain categories of non-current assets and financial instruments.

Where items are considered significant by virtue of their size or nature, they are disclosed separately in the financial statements in order to aid the reader's understanding of the Authority and Group's financial performance.

iii. Basis of Preparation of Group Accounts

The Code requires local authorities with, in aggregate, material interests in subsidiary and associated companies and joint ventures, to prepare group financial statements.

The Group's financial statements incorporate the financial statements of the Greater London Authority and its subsidiaries prepared as at the year-end date. Where significant, adjustments are made to the financial statements of the subsidiaries to bring the accounting policies used in line with other GLA Group entities.

Subsidiaries

The Group accounts presented with the Authority's accounts consolidate the individual accounts of the Greater London Authority and its subsidiaries. A subsidiary is an entity over which the Authority exercises or has the potential to exercise control. The income, expenditure, assets and liabilities of subsidiaries have been consolidated on a line-by-line basis, except for London Travel Watch, London Treasury Limited and London Power Co. Limited which have been excluded on materiality grounds. Material intragroup transactions and balances between the remaining GLA Group entities are eliminated.

The Authority's subsidiaries are:

Subsidiaries and sub-subsidiaries	**Principal Activities**
Greater London Authority Holdings Limited (GLAH)	Holding company
◦ GLA Land and Property Limited (GLAP)	Development, sale and rental of land and buildings
◦ London Power Co. Limited (LPC)*	Energy services
◦ London Treasury Limited (LTL)*	Fund management services
◦ LSR GP Limited (subsidiary of LTL)	Fund management services
GLA Strategic Reserve LP (GLA SR LP) (GLA is the only limited partner)	Alternative investment fund
London Legacy Development Corporation (LLDC)	Regeneration of the Queen Elizabeth Olympic Park
◦ Stratford East London Developments Limited (SELD)	Property development
◦ Stratford East London Holdings Limited (SELH)	Holding company and member of E20 Stadium LLP
◦ Stratford Waterfront Management Co Ltd	Manage the public realm of Stratford Waterfront
◦ E20 Stadium LLP (E20) (LLDC & SELH are members)	Running the London Stadium
◦ London Stadium 185 Limited (LS185) (subsidiary of E20)	London Stadium operator
Old Oak and Park Royal Development Corporation (OPDC)	Regeneration of Old Oak and Park Royal
SME Wholesale Finance Limited (SMEWFL)	Financing of small and medium businesses
◦ London Co-Investment Fund LLP (LCIF)	Financing of small and medium businesses
◦ Greater London Investment Fund Limited (GLIF)	Financing of small and medium businesses
London Travel Watch (LTW)*	Transport watchdog

*On materiality grounds, LTL, LTW and LPC are not consolidated in the GLA's group accounts.

Climate Change Considerations

In preparing the financial statements, management has considered the impact of climate change, particularly in the context of the disclosure made in the Narrative report and the sustainability goals. Management has considered the impact of climate change on a number of key estimates within the financial statements including estimates of future cashflows, the useful economic life of PPE and the impairment of PPE and inventory. These considerations did not have a material impact on the financial reporting judgements and estimates, consistent with the assessment that climate change is not expected to have a significant impact on the Group's going concern assessment to the 31 May 2024.

iv. Going Concern

The accounts have been prepared in accordance with the Code of Practice on Local Authority Accounting in the United Kingdom 2021-22 (the Code), which is based upon International Financial Reporting Standards (IFRS), as amended for the UK public sector.

The financial statements have been prepared on a going concern basis as the GLA's statutory Chief Finance Officer considers that the activities of the GLA and the GLA Group will continue in operational existence to 31 May 2024, following the date of the auditor's report, and it will be able to meet its liabilities as they fall due for payment.

2023-24 funding and outturn position

In 2023-24 the GLA will continue operating as pilot authority with a higher retention share under the business rates retention system. The pilot arrangement means that in 2023-24 the GLA retains 37 per cent of eligible business rates growth above baseline subject to any collective levy on that growth payable to the government based on estimates prepared by them in January 2023. The GLA is budgeting to receive around £2.9 billion in business rates income during the year and £568.6 million in section 31 grants for the original budgeted cost of government funded relief schemes and the cap on increases in the business rates multiplier.

The 2023-24 financial year is the third and final year over which the spreading of the estimated 2020-21 deficit made by billing authorities in January 2021 is applied. The GLA will be required to repay approximately £86.5 million to billing authorities in 2023-24 in respect of this spread deficit with TfL's business rates allocation being reduced by its proportionate share of approximately £77.5 million. This will be managed within the business rates reserve alongside the additional net deficit based on the actual 2020-21 outturn and the draft 2021-22 outturn which is provisionally estimated at approximately £113.6 million. These sums were budgeted for within the business rates reserve in the consolidated group budget and reflect the net deficit estimated repayable in cash terms to billing authorities in 2022-23 and the sum anticipated to need to be transferred in 2023-24.

On initial estimates it was calculated that without remediating actions the business rates reserve would drop below £60 million in the next two years after allowing for the repayment of business rates deficits arising from the period of the pandemic including relief schemes for ratepayers. Therefore, corrective action has been taken in the Mayor's 2023-24 budget to top this up to £111.2 million by March 2026. This target balance is deemed sufficient to cover the shortfall in revenues were the GLA to be in a safety net position within the business rates retention system in any single year. The Mayor allocated around £2.6 billion of the business rates related income received (after netting off the estimated £764.9 million of tariff and levy payments on growth due to the government) to fund services across the GLA group and TfL's capital investment plans in his 2023-24 consolidated group budget. Of this around £1,991.1 million was allocated by the Mayor to support Transport for London with £94.8 million and £252.3 million applied to support MOPAC and the London Fire Commissioner (LFC) respectively. The balance was applied to fund the GLA and the two Mayoral Development Corporations as well as to manage future group wide risks through the Mayor's business rates reserve.

The estimated 2022-23 surplus – after adjusting for government funded reliefs and discounting the element relating to the one third spreading of the estimated 2020-21 deficit already budgeted for – reported by billing authorities in January proposed for allocation in this budget is £83.2 million. This is a provisional estimate for budgeting purposes and the GLA cannot be certain of the actual 2022-23 outturn position until the audited NNDR3 statutory returns are provided later this year, but it is not anticipated that this figure will change materially.

The Mayor also anticipates receiving just under £1.4 billion in council tax revenues in 2023-24. Of this £909.6 million was applied to fund policing in London through MOPAC and £195.1 million was used to fund the London Fire Commissioner. TfL received £178.3 million which included over £62 million from the £20 Band D increase to the Mayor's precept agreed with government to support TfL following the loss of fares income arising from the consequences of the COVID-19 pandemic. The balance was applied to fund the GLA, including the London Assembly.

Group financial risks and uncertainties

GLA: Mayor and Assembly

The approved budget for the GLA for 2022/23 and indicative budgets for later years reflect both the delivery structure of Recovery Missions and Foundations but also at a lower level now but we do have a strong level of reserves. This lower level of budget has led to a re-prioritisation of resources to focus on London's recovery from the pandemic, alongside savings in 'core' functions of £10m per annum.

These significant changes in the GLA's forecasts of both income and expenditure require close monitoring. The GLA will continue to publish its quarterly financial and non-financial performance reports and has re-invigorated monthly budget monitoring reports to management. Further, new procedures for preparing staffing budgets and the approval of carry-forwards have been introduced to ensure more accurate budgetary accountability and control.

The approved budgets over the period of the going concern assessment do drawdown on reserves both to support specific programmes and some staffing. However, this usage is time limited and a key issue in the detailed preparation of the 2023/24 budget was the management of this issue.

Nevertheless, the GLA's projected cashflow forecast remains strong, with cash balances forecast to be £1.7bn at the end of 2023-24. It is anticipated that cash balances will fall to just under £1.2bn by the end of the first two months of 2024-25. This is principally due to the profile of spend anticipated, particularly during May 2024. However, the GLA's liquidity position remains very strong.

Crossrail (the Elizabeth Line) and the Northern Line Extension to Battersea Power Station

The key elements of the GLA's loan repayments relate to Crossrail – now called the Elizabeth Line – and the Northern Line Extension to Battersea Power Station.

Crossrail

The Crossrail central section from Paddington to Abbey Wood opened on 24 May 2022. Bond Street Crossrail station opened on 24 October 2022 and on 6 November 2022 services from Reading, Heathrow and Shenfield connected with the central tunnels of the Elizabeth line opening up new, direct journeys across central London The line is expected to be fully operational by May 2023.

The GLA has contributed around £7 billion to Crossrail's project costs of which around £5.4 billion is being met from borrowing with the remainder being a direct contribution funded from Crossrail Business Rate Supplement and MCIL revenues as well as a small sum from other general GLA income sources approved in the Mayor's 2022/23 budget. Around £4.5 billion of this has been or will be met from external borrowing with the remainder comprising a direct revenue contribution towards construction having been met primarily from Business Rate Supplement and levies on developer contributions prior to 2018/19.

As part of the funding solution to Crossrail's cost overruns the GLA committed to pay TfL a further £1.4bn, under an agreement with the Department for Transport in December 2018. This additional sum comprised £1.3bn of borrowing and a £0.1bn direct contribution from prior year unapplied Crossrail Business Rate Supplement (BRS) revenues. This entire £1.4 billion amount was transferred to TfL to fund the Crossrail project prior to 31 March 2021 including £46 million in 2020/21.

In August 2020 it was confirmed that up to an additional £1.1billion of funding might be required to complete the Crossrail project. The GLA then agreed with the Department of Transport to provide a further contribution towards the project of £825 million in November 2020. This is again being funded using a loan from the Department for Transport. Of this sum £554 million was drawn down during 2021/22 with the remaining £271 million paid over to fund the project during 2022/23. The Mayor also committed a further £48.8 million towards the project in his 2022/23 budget which will be provided as a direct revenue contribution using one-off sources of funding which is expected to be transferred to TfL in 2023/24. It is anticipated based on current forecasts that any additional call on the GLA or TfL's resources to complete the project – if this should arise – will not be material and will therefore be manageable within existing revenue streams already ring fenced for the project.

The GLA's Crossrail related borrowing from the original funding deal approved in 2010 as well as the supplementary agreements in December 2018 and November 2020 will be financed and repaid using Crossrail BRS and MCIL revenues.

Since 2019/20 the GLA has been permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019) to apply MCIL for capital financing purposes for Crossrail. MCIL income retained by GLA from 1 April 2019 is now reported as part of the Crossrail revenue account which includes the statutory BRS revenue account. This ensures that all the funds received and applied to fund the GLA's contributions to Crossrail and its associated financing costs are reported in one account. The Community Infrastructure Levy (Amendment) (England) Regulations 2021 - SI 2021/337 - which came into force on 21 March 2021 following the November 2020 Crossrail funding deal permit the Mayor to apply MCIL revenues to finance and repay the GLA's Crossrail debt up to 31 March 2043.

In line with the final related prospectus, it is estimated currently that the BRS for Crossrail will run for a period up to 31 years (i.e.no later than to 31 March 2041) and raise no more than £8.1 billion to finance and repay debt and/or provide a direct contribution towards Crossrail construction costs.

Despite the impact of the pandemic – including the business rates relief schemes granted to ratepayers in the retail, leisure and hospitality sectors which reduced the BRS tax base by nearly 40 per cent in the first year – the GLA received more than sufficient revenues from these two revenue streams in both 2020/21 and 2021/22 to meet its financing costs and scheduled debt repayment. Indeed in 2021/22 combined BRS and MCIL income after collection costs was nearly £362 million which exceeded the GLA's financing costs on its Crossrail related borrowing by around £225 million. In 2022-23 revenues from MCIL and BRS are expected to exceed £350 million.

The GLA therefore remains confident that it will have more than sufficient revenues to cover the financing costs on its Crossrail related debt each year which will allow surplus revenues to be set aside to fund the repayment of its Crossrail debt. Further information on the GLA's Crossrail related income and expenditure in 2021/22 is set out in the Crossrail Revenue Account.

Northern Line Extension
The GLA agreed in 2014 to make a £1 billion contribution towards the Northern Line Extension (NLE) to Nine Elms and Battersea Power Station (BPS) and Nine Elms of which the entire sum had been paid over by 31 March 2022.

The GLA's £1 billion contribution has been primarily funded using borrowing from the European Investment Bank and other sources. This borrowing will be financed and repaid using the business rates growth in the local designated area approved by Parliament through the Non-Domestic Rating (Northern Line Extension) Regulations 2015 supported by local developer contributions collected by the London Boroughs of Lambeth and Wandsworth. The business rates growth is ring fenced for this purpose until at least March 2041 with the possibility, if required, of an extension for a further five years should the GLA's borrowing not be repaid by that date.

The Northern Line extension opened on 20 September 2021 and the level of business rates income in the area has accelerated significantly over the last two years as key commercial tenants have moved into the area.

In 2019/20 and 2020/21, as reflected in the Mayor's annual budget for 2021/22, the GLA's receipts from the two local authorities from business rates growth and developer contributions were insufficient to meet its financing costs and therefore a combined £22.6 million drawdown was made from the GLA's Business Rates Reserve (BRR) to meet the resulting deficits. The decision to utilise this Group reserve reflected the fact this project is being delivered and funded jointly by the GLA and TfL.

As a result of the opening of the NLE in September 2021 a large developer contribution payment was triggered which, combined with other receipts in 2021/22, resulted in total project income of over £113 million. This was applied to reimburse the business rates reserve for the £22.6 million prior year business rates deficit. This illustrates the GLA's financial resilience in that it was able to meet these temporary deficits from its key risk and volatility related group reserve.

The remaining £63.7 million of the £113 million not required to meet the in-year capital financing and related costs for 2021/22 was transferred to a new NLE reserve – as approved in the Mayor's 2022-23 annual budget. The balance on this NLE reserve will be applied to meet any future deficits in the short term until the expected significant additional growth in business rates income from the local designated area following the opening of the NLE materialises.

Further information on the GLA's NLE related income and expenditure in 2021/22 is set out in the Northern Line Extension Revenue Account.

GLA Balances at 31 March 2022

Our most recent year-end balances, as reported in these statements are as follows:

Date	General Fund	Earmarked reserves
31/3/2022	£10m	£1,862m

At 31 March 2024, the Authority's expected General Fund has a predicted balance of £10 million, this remains at the minimum level of General Fund balances as set by the Executive Director of Resources; earmarked reserves are forecast at £656 million. It is anticipated that two months into 2024-25 the General Fund balance of £10m will remain and the earmarked reserves will not deviate materially from the position at the end of 2023-24.

The LFC, MOPAC and TfL are required to meet any additional unforeseen expenditure themselves.

LLDC group

As the ultimate funder of LLDC, the GLA is exposed to the financial risks of its subsidiary, E20 Stadium LLP. The GLA continues to be committed to meeting the funding requirements of E20 Stadium LLP. It has agreed funding for E20 for 2023/24 through the GLA statutory budget process and the Mayor's Budget Guidance for 2023/24 recognised this on-going commitment in proposed funding for LLDC.

The LLDC's long term model forms the basis for the GLA's assessment of the Corporation's financial obligations and accordingly the risks and possible impact on the GLA. The assumptions that underpin this incorporate independent professional advice to establish the expenditure requirements for the Corporation's development sites and the capital receipts that they will generate to repay its loan to the GLA. This continues to demonstrate that sufficient receipts can be generated and is subject to on-going review. The Corporation's borrowing limit remains capped at £550 million and the GLA will continue to provide additional grant funding during the going concern period, if necessary, to ensure that this level is not breached. There is on-going financial risk as the construction of East Bank progresses, in the operation of the London Stadium and from housing market developments.

The GLA's cash balances continue to mean that all cashflow requirements during the going concern period can be met. The Capital Funding Reserve for LLDC has a forecast balance of £35.8 million at the end of March 2025. The adequacy of this reserve is assessed regularly to ensure that sufficient resources are in place to fund cost pressures arising from the completion of the East Bank development, E20 Stadium LLP and other emergent risks.

GLA Group (excluding LLDC)

The Authority is also exposed to the financial risks of its subsidiaries Greater London Authority Holdings (GLAH) group, the Funding London group and the Old Oak and Park Royal Development Corporation. It is management's view that none of these subsidiaries poses a significant financial risk to the Authority.

GLAH group has a strong balance sheet with net assets of £236m as at 31 March 2022 and a forecast cash balance of £119m at 31 March 2024. Forecast cash balances of GLAH are not anticipated to be materially different by 31 May 2024.

Funding London's investments are reviewed at the GLA's Financial Risk Oversight Board on a quarterly basis and the view is that these loans do not represent a material risk to the GLA during the going concern period. Funding London is being integrated into LTL.

OPDC's net expenditure for 2023/24 is relatively small - £7m. In 2021/22 the GLA entered into a £50m loan facility with ODPC to finance land acquisition, infrastructure and enabling works; it is an unsecured, interest free loan repayable in 2029. The first substantial drawdown is anticipated in 2024/25. Over the course of the going concern period, OPDC's activities will continue to be closely monitored and as an entity under the GLA's control, the GLA has the power to direct OPDC, thereby reducing the GLA's risk exposure. The GLA has established an MDC reserve to ensure adequate contingency funding is in place and the adequacy of this reserve has been reviewed as part of the 2023/24 budget setting process.

TfL financial settlement

A financial settlement was agreed for TfL on 30 August 2022 which provides both base funding and a guaranteed level of passenger income via a revenue top-up mechanism thereby ensuring TfL's ongoing financial viability.

As part of this, the GLA has:

- budgeted for a Transport Services Funding Reserve to support TfL which is anticipated to have a balance of £100m at 31 March 2026;

- developed the issuance of a Green Bond, when suitable market conditions prevail, and created an Environmental Improvement Reserve of £134.3m which are likely to provide TfL with capital resources to support the delivery of net zero by 2030; and

- has made available a financial facility of up to £500m which TfL can draw upon, to be repaid from future years business rates.

The Transport Services Funding Reserve, Green Bond and the Environmental Improvement Reserve are fully budgeted for in the GLA's 2023-24 approved budget. To the extent that the financial facility is required by TfL this will be funded temporarily from the GLA's cash, pending its repayment from future years' business rates. Only in extremis will the GLA seek to temporarily borrow to make the facility available. However, this is considered to be an unlikely occurrence.

Conclusion

Our cash flow forecasting and assessment of the adequacy of our liquidity position demonstrates positive cash balances throughout the going concern period, and no expectation of any additional external borrowing being required. This covers the period to May 2024. The GLA has been able to manage the council tax and business rates collection fund deficits which materialised as a result of the Covid-19 pandemic without there being an adverse impact on the authority's overall financial position.

The Mayor's approved 2023-24 budget set out his forecast funding allocations and assumptions in respect of council tax and business rates income for the next three financial years – and the associated risks and uncertainties.

In determining our forward plans we have considered possible downside scenarios, including for business rates and council tax income:

- business rates income would be at the minimum Government safety net level – although in practice based on the 2022-23 outturn position and the expectation that the government will not implement any fundamental reforms to local government funding and taxation this is considered highly unlikely over the planning period
- reduction in council tax base of 1% - which was the position in 2021-22 but council tax buoyancy has returned to previous levels
- expenditure within the GLA Missions and Foundations exceeds budget
- LLDC group requires additional grant funding to meet unforeseen expenditure over the planning period
- GLAH group expenditure exceeds budget, which would be recovered by individual action in each entity reporting to GLAH.

If retained business rates income did, for example, fall to the minimum guarantee safety net level the GLA would seek to temporarily mitigate this by considering applying the Business Rates Reserve whilst reviewing the options available and taking remedial action. As the vast majority of business rates growth is one-off, the Mayor – in line with his approach in recent years – has allocated this business rates growth to one-off items of expenditure rather than ongoing expenditure. The Mayor's core assumption is that once a business rates re-set occurs, only 25 per cent of the business rates growth the GLA has received to date will be retained.

These matters will be kept under review in light of government announcements on potential changes to local government funding, including any further support to manage inflationary pressures which may be announced. The Mayor will issue his Budget Guidance in the summer of 2023 with updated assumptions and control totals for the GLA Group to plan future years budgets.

Inflation is at its highest rate for over forty years with a consequent impact on pay and prices. The future state of London's economy, given the impact of the COVID-19 pandemic, the UK's exit from the European Union and the impacts of inflation on household and corporate budgets can all be expected to impact on levels of tax receipts, as well as other sources of GLA Group income such as public transport fares.

Future years' income from retained business rates is, in practice, heavily dependent on government policy decisions on local government finance and funding – including the level of support for inflation pressures delivered through the settlement – and the rate of London's long-term recovery from the economic impact of the pandemic and the current economic challenges due to the cost-of-living crisis.

Should the above downsides scenarios occur or risks materialise, the minimum level of general fund reserves is forecast to remain above £200m and liquidity would be more than adequate to manage such a scenario .

Having assessed the funding challenges and other uncertainties faced by the GLA Group over the period to the 31 May 2024, the Mayor considers it appropriate to adopt the going concern basis in preparing these financial statements given the Group's liquidity and reserves position and the ongoing action taken by the Authority to reduce spend commensurate with the funding pressures.

v. Prior Period Adjustments, Changes in Accounting Policies and Errors and Estimates

Prior period adjustments may arise as a result of a change in accounting policies or to correct a material error.

Changes in accounting policies are only made when required by proper accounting practices or the change provides more reliable or relevant information about the effect of a transaction, other events and conditions on the Group's financial position or financial performance. Where a change is made, it is applied retrospectively as if the new policy had always been applied (unless stated otherwise), by adjusting the comparative amounts for the prior period and the opening balances, if the adjustments have had a material effect on the financial position at the beginning of the comparative period, see note 1.

Material errors discovered in prior period figures or reclassifications are corrected retrospectively by adjusting the comparative amounts for the prior period and the opening balances, if the adjustments have had a material effect on the financial position at the beginning of the comparative period, see note 1.

Changes in accounting estimates are accounted for prospectively, i.e. in the current and future years affected by the change and do not give rise to a prior period adjustment.

vi. Events after the Balance Sheet Date

Events after the Balance Sheet date are those events, both favourable and unfavourable, that occur between the end of the reporting period and the date when the Statement of Accounts is authorised for issue (see Note 6). Two types of events can be identified:

- those that provide evidence of conditions that existed at the end of the reporting period - the Statement of Accounts is adjusted to reflect such events; and

- those that are indicative of conditions that arose after the reporting period - the Statement of Accounts is not adjusted to reflect such events, but where a category of events would have a material effect, disclosure is made in the notes of the nature of the events and their estimated financial effect.

vii. Accruals of income and expenditure

Activity is accounted for in the year that it takes place, not simply when cash payments are made or received. In particular:

- Revenue is recognised when the Group has a contract with a customer and a performance obligation has been satisfied, at the transaction price allocated to that performance obligation. Where payment is deferred, the transaction price is adjusted for the time value of money.

- Development properties and land sales - Revenue is recognised in the income statement when control has been transferred to the purchaser. It is considered that control passes on legal completion. Revenue is recognised at the fair value of the consideration received or receivable on legal completion.

- Contributions from East Bank partners towards the cost of constructing their buildings will not be recognised until the buildings are complete and handed over to the partners. Any revenue received in advance of that will be treated as deferred income on the balance sheet.

- Rental income from investment property is recognised on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income, over the term of the lease.

- Supplies are recorded as expenditure when they are consumed - where there is a gap between the date supplies are received and their consumption, they are carried as inventories on the Balance Sheet.

- Property held for sale during the normal course of business is recorded as expenditure when control transfers to the purchaser. It is considered that control passes on legal completion. The properties are carried as inventories on the Balance Sheet, see Inventories accounting policy xxii for further details.

- Expenses in relation to services received (including services provided by employees) are recorded as expenditure when the services are received rather than when payments are made

- Interest receivable on investments and payable on borrowings are accounted for respectively as income and expenditure on the basis of the effective interest rate for the relevant financial instrument rather than the cash flows fixed or determined by the contract; and

- Where revenue and expenditure have been recognised but the cash has not been received or paid, a debtor or creditor for the relevant amount is recorded in the Balance Sheet. Where debts may not be settled, the simplified approach to measuring expected credit losses, which uses a lifetime expected loss allowance, is applied and the resulting changes to impairment loss is written off to the Comprehensive Income and Expenditure Statement (CIES).

viii. Government Grants and Third-Party Contributions

Revenue grants

Whether paid on account, by instalments or in arrears, revenue government grants and third-party revenue contributions and donations are recognised as due to the Group when there is reasonable assurance that:

- the Group will comply with the conditions attached to the payments; and

- the revenue grants or contributions will be received.

Amounts recognised as due to the Group are not credited to the CIES until conditions, attached to the revenue grant or contribution, have been satisfied. Conditions are stipulations that specify how the revenue grant should be used by the Group, and which if not met require the grant to be returned to the transferor.

Monies advanced as revenue grants and contributions for which conditions have not been satisfied are carried in the Balance Sheet as creditors (receipts-in-advance). When conditions are satisfied, the revenue grant or contribution is credited to the relevant service line (attributable revenue grants and contributions) or Taxation and Non-Specific Grant Income (non-ring-fenced revenue grants and all capital grants) in the CIES.

Where revenue grant income has been received that has no conditions attaching to it, but where the grant has yet to be applied and there are restrictions as to how the monies are to be applied, the Group recognises this income in the CIES and then earmarks it until it is applied.

Capital grants

Capital grants recognised as due are not credited to the CIES until conditions attached to the capital grant have been satisfied. They are carried in the Balance Sheet as creditors (receipts-in-advance) until the conditions have been met.

Where capital grants are credited to the CIES, they are reversed out of the General Fund Balance in the Movement in Reserves Statement. Where the grant has yet to be used to finance capital expenditure, it is posted to the Capital Grants Unapplied reserve. Where it has been applied, it is posted to the Capital Adjustment Account. Amounts in the Capital Grants Unapplied reserve are transferred to the Capital Adjustment Account once they have been applied to fund capital expenditure.

ix. Council Tax Accounting

The GLA is the only major preceptor on the 32 London Boroughs and City of London Corporation.

In their capacity as billing authorities, the boroughs and the City of London Corporation, act as the GLA's agent: they collect and distribute council tax income on behalf of themselves and the GLA.

The council tax income included in the CIES for the year will be the accrued income for that year. The difference between the income included in the CIES and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

This ensures that the amount included in the General Fund is as required under statute and is the precept for the year plus the preceptor's share of the Council Tax surplus on the billing authorities' Collection Fund for the previous year or less its share of the Council Tax deficit on the Collection Fund for the previous year. As required, however, under the provisions of the Local Authorities (Collection Fund: surplus and deficit) (Coronavirus) (England) Regulations 2020, the GLA's share of a billing authority's 2020/21 council tax deficit (if applicable) using the estimate calculated by 15 January 2021 is recoverable over the following three financial years - the first of which is 2021/22. These arrangements do not apply in respect of any deficits incurred in respect of 2021/22.

The Government also announced in July 2020 that it would compensate local authorities for 75% of their estimated irrecoverable council tax losses during the 2020/21 financial year arising from the impact of the pandemic via the Tax Income Guarantee (TIG) scheme. The GLA's final TIG award received during 2021/22 was £0.8 million higher in respect of council tax than the £3.4 million indicative sum it accrued for in its 2020/21 accounts. This combined sum was allocated by the Mayor to be spent in his 2022/23 budget.

Since the collection of council tax is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from council tax debtors belongs proportionately to them and the GLA. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from council taxpayers.

x. Non-domestic rates

In their capacity as billing authorities, the 32 boroughs and the City of London Corporation, act as the Greater London Authority and the Secretary of State's agent: they collect and distribute non-domestic rates income on behalf of themselves, the Secretary of State and the GLA in proportion to the agreed shares set out in the Non-Domestic Rating (Rates Retention) Regulations 2013.

The non-domestic rates income included in the CIES for the year will be the GLA's share of accrued income for that year including any additional income in relation to the London business rates pool. The difference between the income included in the CIES and the amount required by statute to be credited to the General Fund is managed by a transfer to or from the Collection Fund Adjustment Account in the Movement in Reserves Statement.

This ensures that the amount included in the General Fund is as required under statute and is the Authority's proportionate share of non-domestic rates for the year plus the Authority's share of the Non-Domestic Rates surplus on the billing authorities' Collection Fund for the previous year or less its share of the Non-Domestic Rates deficit on the Collection Fund for the previous year.

In accounting terms top-up receipts from and tariff payments to central government along with safety net receipts and levy payments, if applicable, and section 31 grants in respect of compensation for the lost revenue from certain business rates reliefs and caps applied in the national business rates multiplier are recognised in the Comprehensive Income and Expenditure Account within the Surplus or Deficit on Provision of Services. Taking into account the above factors the GLA is expected to pay a levy on its business rates growth in 2021/22 based on the current best assessment of the Government's expected methodology for determining levy and safety net payments. This sum has been accrued for in its 2021/22 accounts as a debtor position with DLUHC although this would not be paid to DLUHC in cash terms until the end of 2022/23.

A provisional £36.7 million levy payment was made to the government at the end of March 2023 in respect of 2022-23 but this will be revised to take into account audited business rates outturn returns submitted after this date. On the basis of the GLA's latest understanding of billing authorities' final outturn position – as reflected in these accounts – the ultimate levy payable is expected to be around £32 million but again this is a provisional estimate subject to the auditing of all 33 local authorities accounts for 2022/23. A provision has been made for a potentially higher levy payment which will be released during 2022/23 should it be deemed this is no longer required.

As in 2020/21 billing authorities will recover the GLA's share of the resulting collection fund deficit in 2022/23 and the government will redistribute the associated section 31 grant compensation to ensure that there is no net cost to the GLA from Covid pandemic related relief schemes (i.e. retail, leisure, hospitality and nurseries and the Covid additional relief scheme) in respect of its retained business rates income. In line with accounting practice the associated section 31 grant income has been accrued for in 2021/22 held temporarily in the business rates reserve and will be drawn down in 2022/23 to fund the repayment of the resulting collection fund deficit to billing authorities

Since the collection of non-domestic rates is in substance an agency arrangement, the cash collected by the boroughs and the City of London Corporation from non-domestic rates debtors belongs proportionately to them, the GLA and, for prior years, notionally in respect of their centrally retained share the Secretary of State. A debtor/creditor position between these billing authorities and the GLA is recognised since the net cash paid to the GLA in the year will not be its share of cash collected from non-domestic rate payers.

xi. Crossrail Business Rate Supplement

The GLA is empowered to levy a business rate supplement under the Business Rate Supplements Act 2009. In January 2010 it published a prospectus confirming its intention to levy a BRS to finance £4.1 billion of its contribution towards the cost of the Crossrail Transport project. It may therefore only apply its Business Rate Supplement revenues in respect of expenditure relating to this project.

As a result of the delay in completing the Crossrail project (now renamed the Elizabeth line), the Mayor agreed with the government in December 2018 that the GLA would provide a further £1.4 billion contribution to the project, to be paid to TfL as a capital grant. This was funded using a direct £100m contribution using prior year unapplied BRS revenues and a £1.3 billion loan from the Department for Transport. This loan will be financed and repaid over an agreed period of 10 years using revenues from the Crossrail BRS and MCIL. The GLA had paid the entire £1.4 £46 million during the 2020/21 financial year.

The GLA also agreed with the Department of Transport to provide a further contribution towards the Crossrail project of £825 million in November 2020. This will be funded using a loan from the Department for Transport. Of this £554 million was paid to TfL to fund the Crossrail project in 2021/22 with the remaining sum due to be paid in 2022/23. The Mayor has also agreed a further direct revenue contribution of up to £48.8 million towards the project in his 2022/23 budget.

The GLA accounts for its BRS related expenditure (its contribution to the Crossrail project) within the CIES and its interest payable on the associated borrowing within financing and investment income. BRS income is presented within "Taxation and Non-Specific Grant Income". As the GLA is required to refund BRS levies that have not been used to finance the project (e.g. where the imposition of the Business Rate Supplement has come to an end) any BRS income is therefore subject to a condition, and therefore all BRS receipts are initially recognised as a creditor.

The GLA receives amounts in respect of BRS from billing authorities during the year based on a provisional estimate at the start of the year net of reliefs, borough collection costs and a 5% contingency allowance. After the financial year-end each billing authority calculates the amount it has collected in BRS after allowing for collection and other costs. This uses a different methodology - as specified in section 7 to Schedule II of the BRS Transfers to Revenue Business Rate Supplements (Transfers to Revenue Accounts) (England) Regulations 2009.

The amount calculated as having been collected in BRS under this methodology is based on the total amount paid into each billing authority's collection fund in business rates and BRS multiplied by the share which BRS liabilities represent of the total business rates liability for all ratepayers (including those not liable for BRS) adjusted for prior year liabilities and refunds. A debtor or creditor is raised depending on whether the amount calculated as having been collected is higher or lower than the amount paid in instalments based on the provisional estimate. There is no direct relationship between the methodology used to calculate the provisional returns and the final returns.

The GLA recognises its BRS revenue as income in the CIES only at the point the conditions it has set out in its final prospectus are satisfied (i.e. at the point that it makes its contribution to the Crossrail project by means of a payment made to Transport for London and is credited by them to the Crossrail Sponsor Funding Agreement (SFA) Account). This SFA account is administered by Transport for London and all monetary contributions by the GLA, TfL and the Secretary of State for Transport towards the cost of the project are paid into it.

The GLA has recognised all revenue expenditure (including interest incurred on that element of its contribution financed by borrowing) relating to its contribution towards the Crossrail project as expenditure in the relevant service revenue account(s) as it is incurred. Its contributions paid to Transport for London in respect of Crossrail have been recognised as Revenue Expenditure Funded from Capital under Statute ("REFCUS").

Where revenue expenditure is incurred in respect of a BRS project, the GLA transfers an amount equal to that expenditure from the Business Rate Supplement Account to the General Fund as the expenditure is incurred. Were capital expenditure in respect of a BRS project to be incurred, the GLA would transfer an amount equal to the capital expenditure from the Business Rate Supplement Account to the Capital Adjustment Account as the capital expenditure is incurred.

Where capital expenditure in respect of a BRS project has been funded from borrowing, the GLA transfers from its Business Rate Supplement Revenue Account to its General Fund an amount equal to the sum of the Minimum Revenue Provision ("MRP") and interest charged to the General Fund in the year in respect of the BRS project. These transfers are reported in the Movement in Reserves Statement. As the GLA does not generate an asset from its BRS contributions no depreciation or impairment of assets are financed from BRS levies.

The GLA transfers an amount equal to its income receivable in respect of the Crossrail project once recognised in the financial year (net of administrative expenses incurred by it and the 33 billing authorities in London) from its General Fund to its Business Rate Supplement Revenue Account. Any difference between the cumulative income transferred to the Business Rate Supplement Revenue Account and the amount required by regulation to be transferred to that account (i.e. the amount reported by billing authorities as having been collected as specified in the BRS Transfers to Revenue Accounts regulations) is credited or debited to that account, with the corresponding debit or credit being made to the Collection Fund Adjustment Account.

The GLA is required to prepare and published a BRS revenue account setting out the expenditure applied using and income received from the BRS under Schedule 1 of the Business Rate Supplements (Accounting) (England) Regulations 2010. Since 2019/20 this statutory account has been incorporated within a wider Crossrail Revenue Account following the approval of the Community Infrastructure Levy (Amendment) (England) Regulations 2019 – 2019 966) by Parliament which allow MCIL revenues to also be applied to finance and repay the GLA's Crossrail debt.

Where the GLA's Crossrail Revenue Account (incorporating the statutory BRS revenue account) is in deficit, it transfers an amount equivalent to the deficit from its General Fund to that Revenue Account; this transfer being reported in the Movement in Reserves Statement.

Any deficit may be recaptured in future years from any surpluses arising on the account. Where deficits arise as a result of capital grants made to TfL (as above), capital finance regulations and the GLA's minimum revenue provision policy ensure that there is no net impact on the General Fund. Therefore, the GLA's contribution to Crossrail has no impact on the Precept or council taxpayer.

Where the GLA's Crossrail Revenue Account (incorporating the statutory BRS revenue account) is in surplus, it transfers the surplus to its General Fund to the extent that this reverses any amounts charged to that fund in the ten years immediately preceding the financial year having regard to the requirements of the BRS Accounting Regulations; this transfer being reported in the Movement in Reserves Statement.

In line with the final prospectus, it is estimated currently that the BRS for Crossrail will run for a period up to 31 years and raise no more than £8.1 billion to finance and repay debt and/or provide a direct contribution towards Crossrail construction costs.

Where, in the final year of the BRS, and in the case of the GLA its associated borrowing has been repaid which is not expected at present to be before the late 2030s but will be no later than 31 March 2041- the Business Rate Supplement Revenue Account is in surplus, the GLA will transfer this surplus to the Collection Fund Adjustment Account. These surplus funds will be transferred to each billing authority in proportion to the amounts paid in BRS by that authority over the lifetime of the BRS. Where such sums are material these surpluses will be repaid to those ratepayers liable to the BRS in its final year by that billing authority. Further details on the BRS can be found in note 55. The Crossrail revenue account sets out the sums receivable in respect of 2021/22 in BRS and how they have been applied to meet the GLA's expenditure on Crossrail including financing costs on its debt.

xii. Community Infrastructure Levy (CIL)

The Authority has elected to charge a Mayoral CIL. The levy is charged on new builds (chargeable developments for the Authority) with appropriate planning consent. Under existing legislation, the GLA's CIL may only be applied to fund transport projects and the income from the levy is currently being used to fund Crossrail.

The Authority is the chargeable body and the London Boroughs and City of London Corporation – the 33 collecting authorities - collect the levy on the Authority's behalf. Transport for London manages the administration of CIL on behalf of the GLA under an agency arrangement.

Prior to 2019/20 MCIL income was paid into the Crossrail Sponsor Funding Agreement Account held by Transport for London before being applied by it to fund the Crossrail project.

From 2019/20 the GLA has been permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019) to apply MCIL for capital financing purposes for Crossrail. MCIL income retained by GLA from 1 April 2019 is now reported as part of the Crossrail revenue account which includes the statutory BRS revenue account. This ensures that all the funds received and applied to fund the GLA's contributions to Crossrail and its associated financing costs are reported in one account. The Community Infrastructure Levy (Amendment) (England) Regulations 2021 laid before Parliament in March 2021 following the November 2020 Crossrail funding deal permit the Mayor to apply MCIL revenues to finance and repay the GLA's Crossrail debt up to 31 March 2043.

CIL is received without outstanding conditions; it is therefore recognised at the commencement date of the chargeable development in the CIES in accordance with the accounting policy for government grants and contributions set out above. CIL charges will be largely used to fund capital expenditure. However, a small proportion, of the charges, has been used to fund revenue expenditure. Further details on the CIL can be found in note 24.

The Crossrail revenue account sets out the sums receivable in respect of 2021/22 from MCIL and how they have been applied to meet the GLA's expenditure on Crossrail including financing costs on its debt.

xiii. Exceptional Items

When items of income and expense are material, their nature and amount are disclosed separately, either on the face of the CIES or in the notes to the accounts, depending on how significant the items are to an understanding of the Group's financial performance.

xiv. Charges to Revenue for Non-Current Assets

Services and support services are debited with the following amounts to record the cost of holding fixed assets during the year:

- depreciation attributable to the assets used by the relevant service;
- revaluation and impairment losses on assets used by the service where there are no accumulated gains in the Revaluation Reserve against which the losses can be written off; and
- amortisation of intangible assets attributable to the service.

The Authority is not required to raise council tax to fund depreciation, revaluation and impairment losses or amortisations. However, it is required to make an annual contribution from revenue towards the reduction in its overall borrowing requirement equal to an amount calculated on a prudent basis determined by the Authority in accordance with statutory guidance. Depreciation, revaluation and impairment losses and amortisations are therefore replaced by the annual contribution in the General Fund Balance, by way of an adjusting transaction with the Capital Adjustment Account in the Movement in Reserves Statement for the difference between the two.

xv. Employee Benefits

Benefits Payable during Employment

Short-term employee benefits are those due to be settled within twelve months of the year-end. They include such benefits as salaries, other remuneration, paid annual leave and paid sick leave for current employees and are recognised as an expense for services in the year in which employees render service to the Group. An accrual is made for the cost of holiday entitlements earned by employees but not taken before the year-end that employees can carry forward into the next financial year. The accrual is made at the salary rates applicable in the following accounting year, being the period in which the employee takes the benefit. The accrual is charged to the Surplus or Deficit on the Provision of Services, but then reversed out through the Movement in Reserves Statement so that holiday benefits are charged to revenue in the financial year in which the holiday absence occurs.

Termination Benefits

Termination benefits are amounts payable as a result of a decision by the Group to terminate an officer's employment before the normal retirement date or an officer's decision to accept voluntary redundancy and are charged on an accruals basis to the relevant service in the CIES at the earlier of when the Group can no longer withdraw the offer of those benefits and when the Group recognises costs for a restructuring.

Where termination benefits involve the enhancement of pensions, statutory provisions require the General Fund balance to be charged with the amount payable by the Group to the pension fund or pensioner in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement, appropriations are required to and from the Pensions Reserve to remove the notional debits and credits for pension enhancement termination benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year end.

Post-Employment Benefits

Group employees are members of the following pension schemes:

- *Local Government Pension Scheme (LGPS):* Authority, LLDC and OPDC staff
- *AVIVA:* GLA Assembly members

The Local Government Pension Scheme

The Local Government Pension Scheme in respect of GLA, LLDC and OPDC employees is administered by the London Pensions Fund Authority (LPFA) and is accounted for as a defined benefits-scheme:

- The liabilities of the LPFA pension scheme attributable to the Authority, LLDC and OPDC are included in the balance sheet on an actuarial basis using the projected unit method i.e. an assessment of the future payments that will be made in relation to retirement benefits earned to date by employees, based on assumptions about mortality rates, employee turnover rates etc. and projections of earnings for current employees.

- Liabilities are discounted to their value at current prices, at a discount rate of 2.60%. An estimate of the Authority's future cashflows is made using notional cashflows based on an estimated service liability of 26 years. These estimated cashflows are then used to derive a Single Equivalent Discount Rate (SEDR). The discount rate derived is such that the net present value of the notional cashflows, discounted at this single rate, equates to the net present value of the cashflows, discounted using the annualised Merrill Lynch AA rated corporate bond yield curve (where the spot curve is assumed to be flat beyond the 30-year point). The assets of the LPFA pension fund attributable to the Authority, LLDC and OPDC are included in the Balance Sheet at their fair value as follows:

    - Quoted securities- bid value to bid value basis
    - Unquoted securities-professional estimate
    - Unitised securities- bid value to bid value basis
    - Property-market value

The change in the net pensions liability is analysed into the following components:

- Service cost comprising:

    - current service cost – the increase in liabilities, as a result of years of service earned this year-allocated in the CIES to the services for which the employees worked

    - past service cost – the increase in liabilities as a result of a scheme amendment or curtailment whose effect relates to years of service earned in earlier years – debited to the Surplus or Deficit on the Provision of Services in the CIES as part of Non-Distributed Costs; and

    - interest on the net defined benefit liability, i.e. net interest expense for the Authority – the change during the period in the net defined benefit liability that arises from the passage of time charged to the Financing and Investment Income and Expenditure line of the CIES – this is calculated by applying the discount rate used to measure the defined benefit obligation at the beginning of the period to the net defined benefit liability at the beginning of the period – taking into account any changes in the net defined benefit liability during the period as a result of contribution and benefit payments.

- Remeasurements comprising:
    - the return on plan assets – excluding amounts included in the interest on the net defined benefit liability – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure; and
    - actuarial gains and losses – changes in the net pensions liability that arise because events have not coincided with the assumptions made at the last actuarial valuation or because the actuaries have updated their assumptions – charged to the Pensions Reserve as Other Comprehensive Income and Expenditure

In relation to retirement benefits, statutory provisions require the General Fund balance to be charged with the amount payable to the pension fund in the year, not the amount calculated according to the relevant accounting standards. In the Movement in Reserves Statement this means that there are appropriations to and from the Pensions Reserve to remove the notional debits and credits for retirement benefits and replace them with debits for the cash paid to the pension fund and pensioners and any such amounts payable but unpaid at the year-end. The negative balance that arises on the Pensions Reserve thereby measures the beneficial impact to the General Fund of being required to account for retirement benefits on the basis of cash flows rather than as benefits are earned by employees.

Discretionary benefits

Discretionary awards of retirement benefits are sometimes made in the event of early retirements. Any liabilities estimated to arise as a result of an award to a member of staff are accrued in the year of the decision to make the award and accounted for using the same policies as are applied to the Local Government Pension Scheme.

Greater London Authority AVIVA master trust scheme

The Greater London Authority AVIVA master trust scheme is a defined contribution scheme open to the Mayor and Assembly Members. As it is a defined contribution scheme no liability for future payments is recognised in the balance sheet and revenue is charged with the employer's contributions payable in the year. The scheme commenced on 1 March 2018.

Allianz Pensions Scheme (London House Brussels staff)

On 1 January 2020, Brussels staff pensions transferred from the LGPS to a group insurance scheme operated by Allianz. This is a defined contributions scheme open solely to the one staff member employed in the Authority's Brussels office. As it is a defined contribution scheme, no liability for future payments is recognised in the balance sheet and revenue is charged with the employer's contributions payable in the year.

xvi. Fair Value

The Group measures some of its non-financial assets such as investment properties and some of its financial instruments such as equity mortgages at fair value at each reporting date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between knowledgeable market participants at the measurement date. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either in the principal market or in its absence, in the most advantageous market for the asset or liability.

The Authority measures the fair value of an asset or liability using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their best economic interests.

When measuring the fair value of a non-financial asset, the authority takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The authority uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. Inputs to the valuation techniques in respect of assets and liabilities for which fair value is measured or disclosed in the authority's financial statements are categorised within the fair value hierarchy, as follows:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date

- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

- Level 3 – unobservable inputs for the asset or liability.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels at the end of the reporting period.

xvii. Financial Instruments

Financial Liabilities

Financial liabilities are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value and are carried at their amortised cost. Annual charges to the Financing and Investment Income and Expenditure line in the CIES for interest payable are based on the carrying amount of the liability, multiplied by the effective rate of interest for the instrument. The effective interest rate is the rate that exactly discounts estimated future cash payments over the life of the instrument to the amount at which it was originally recognised.

For most of the borrowings that the Group has, this means that the amount presented in the Balance Sheet is the outstanding principal repayable (plus accrued interest); and interest charged to the CIES is the amount payable for the year according to the loan agreement.

Where premia and discounts have been charged to the CIES, regulations allow the impact on the General Fund Balance to be spread over future years. Where material, the Group has a policy of spreading the gain or loss over the term that was remaining on the loan against which the premium was payable or discount receivable when it was repaid. The reconciliation of amounts charged to the CIES to the net charge required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Financial Assets

Financial assets are classified based on a classification and measurement approach that reflects the business model for holding the financial assets and their cashflow characteristics. There are three main classes of financial assets measured at:

- amortised cost
- fair value through profit or loss (FVTPL), and
- fair value through other comprehensive income (FVOCI)

Financial Assets Measured at Amortised Cost

Financial assets measured at amortised cost are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured at fair value. They are subsequently measured at their amortised cost. Annual credits to the Financing and Investment Income and Expenditure line in the CIES (CIES) for interest receivable are based on the carrying amount of the asset multiplied by the effective rate of interest for the instrument. For most of the financial assets held by the Group, this means that the amount presented in the Balance Sheet is the outstanding principal receivable (plus accrued interest) and interest credited to the CIES is the amount receivable for the year in the loan agreement.

However, the Group has made a number of loans to organisations at less than market rates (soft loans). When soft loans are made, a loss is recorded in the CIES (debited to the appropriate service) for the present value of the interest that will be foregone over the life of the instrument, resulting in a lower amortised cost than the outstanding principal.

Interest is credited to the Financing and Investment Income and Expenditure line in the CIES at a marginally higher effective rate of interest than the rate receivable from the organisations, with the difference serving to increase the amortised cost of the loan in the Balance Sheet. Statutory provisions require that the impact of soft loans on the General Fund Balance is the interest receivable for the financial year – the reconciliation of amounts debited and credited to the CIES to the net gain required against the General Fund Balance is managed by a transfer to or from the Financial Instruments Adjustment Account in the Movement in Reserves Statement.

Any gains and losses that arise on the derecognition of a financial asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

Expected Credit Loss Model

The authority recognises expected credit losses on all of its financial assets held at amortised cost and at FVOCI, either on a 12-month or lifetime basis. The expected credit loss model also applies to lease receivables. Only lifetime losses are recognised for trade receivables (debtors) held by the Group.

Impairment losses are calculated to reflect the expectation that the future cash flows might not take place because the borrower could default on their obligations. Credit risk plays a crucial part in assessing losses. Where risk has increased significantly since an instrument was initially recognised, losses are assessed on a lifetime basis. Where risk has not increased significantly or remains low, losses are assessed on the basis of 12-month expected losses.

The Group has a portfolio of a significant number of loans to subsidiaries and property developers. Losses have been assessed on an individual instrument basis, excluding loans to other local authorities as the Code excludes loans to other local authorities from impairment assessments.

The agreements and the financial standing of the counterparties are reviewed annually by an external credit rating agency and credit risk grades are determined using qualitative and quantitative factors that are indicative of risk of default and are aligned to external credit ratings definitions from Moody's. Expected credit losses are calculated as an unbiased and probability-weighted estimate using an appropriate probability of default, adjusted to take into account a range of possible future economic scenarios, and applying this to the estimated exposure at the point of default after taking into account the value of any collateral held.

Where loans are secured via collateral, if the collateral value exceeds the credit exposure the loss given default is deemed to be insignificant and any resultant expected credit loss provision is immaterial. At 31 March 2022, the collateral held was mainly in the form of a charge on the property development/land and exceeded the credit exposure on 58% of the loan investments and finance lease receivables held.

At initial recognition, allowance is made for expected credit losses resulting from default events that are possible within the next 12 months (12-month expected credit losses). In the event of a significant increase in credit risk since origination, allowance is made for expected credit losses resulting from all possible default events over the expected life of the financial instrument (lifetime expected credit losses). Financial assets where 12-month expected credit losses are recognised are considered to be Stage 1; financial assets which are considered to have experienced a significant increase in credit risk since initial recognition are in Stage 2; and financial assets which have defaulted or are otherwise considered to be credit impaired are allocated to Stage 3.

An assessment of whether credit risk has increased significantly since initial recognition considers the change in the risk of default occurring over the remaining expected life of the financial instrument. In determining whether there has been a significant increase in credit risk, the Group reviews credit ratings and qualitative indicators such as watchlists and other indicators of historical delinquency, credit weakness or financial difficulty. Where the credit risk subsequently improves such that it no longer represents a significant increase in credit risk since origination, the asset is transferred back to Stage 1. Assets are transferred to Stage 3 when they have defaulted or are otherwise considered to be credit impaired. Default is considered to have occurred when there is evidence that the customer is experiencing financial difficulty which is likely to affect significantly the ability to repay the amount due.

Financial Assets Measured at Fair Value through Other Comprehensive Income (FVOCI)

A financial asset is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI. This election is made on an investment-by-investment basis.

Financial assets measured at FVOCI are subsequently measured at fair value. Interest income calculated using the effective interest method and losses and impairment are recognised in the CIES. Other net gains and losses are recognised in Other Comprehensive Income (OCI). On derecognition, gains and losses accumulated in OCI are reclassified to the CIES within Financing and Investment Income and Expenditure.

Financial Assets Measured at Fair Value through Profit of Loss (FVTPL)

Financial assets that do not meet the tests to be measured at amortised cost or at FVOCI are measured at FVTPL. They are recognised on the Balance Sheet when the Group becomes a party to the contractual provisions of a financial instrument and are initially measured and carried at fair value. Fair value gains and losses are recognised as they arrive in the Surplus or Deficit on the Provision of Services.

The fair value measurements of the financial assets are based on the following techniques:

- instruments with quoted market prices – the market price

- other instruments with fixed and determinable payments – discounted cash flow analysis

- instruments that do not have fixed and determinable payments - stated at fair value based on the Group's share of the fair value of the underlying investments.

The inputs to the measurement techniques are categorised in accordance with the following three levels:

Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets that the authority can access at the measurement date.

Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset, either directly or indirectly.

Level 3 inputs – unobservable inputs for the asset.

Any gains and losses that arise on the derecognition of the asset are credited or debited to the Financing and Investment Income and Expenditure line in the CIES.

xviii. Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are investments that mature in ninety days or less from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

In the Cash Flow statement, cash and cash equivalents are shown net of bank overdrafts that are repayable on demand and form an integral part of the Authority and group members' cash management.

xix. Foreign Currency Translation

Where the Group has entered into a transaction denominated in a foreign currency, the transaction is converted to sterling at the exchange rate applicable on the date the transaction was effective. Where amounts in foreign currency are outstanding at the year-end, they are reconverted at the spot exchange rate at 31 March. Resulting gains or losses are recognised in the Financing and Investment Income and Expenditure line in the CIES.

xx. Interests in Companies and Other Entities

The Authority has material interests in companies and other entities that have the nature of subsidiaries and associates that require it to prepare group accounts.

xxi. Inventories

Greater London Authority Holdings Ltd and London Legacy Development Corporation

Land and buildings held for sale in the normal course of business are classified as inventories (IAS 2) and valued annually, by external professionally qualified valuers, at the lower of cost and net realisable value or the lower of cost and current replacement cost where they are held for distribution at no charge or nominal charge (IPSAS 12). Current replacement cost is the cost the entity would incur to acquire the asset on the reporting date.

Expenditure, of £10,000 and above, on direct materials, direct labour costs and those overheads which have been incurred in bringing the inventories to their present location and condition, is capitalised. Expenditure below £10,000 may be grouped and capitalised where it is practicable to do so.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. For LLDC, where its residential developments are undertaken on its behalf by third parties (for example, via a Development Agreement), LLDC uses its forecast share of the developer's estimated sale receipts to determine the net realisable value (as LLDC does not incur any costs of completion or marketing, selling and distribution). For East Bank properties classified as inventories, LLDC uses its forecast contributions from the East Bank partners and the estimated costs to complete (based on the anticipated final cost as determined in conjunction with its project management partner, Mace) to determine the net realisable value.

Land is recognised as inventory when control has been transferred, i.e. on legal completion.

Non-refundable land option payments are initially recognised in inventory and are written off to the income statements when it is probable that they will not be exercised.

xxii. Leases

Finance Leases (the Group as lessee)

Leased Assets

Leases are identified as finance leases where the terms of the lease transfer substantially all the risks and rewards incidental to ownership of the property, plant or equipment from the lessor to the lessee. All other leases are classified as operating leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Lease Payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Contingent rents are charged as expenses in the periods in which they are incurred.

Finance Leases (the Group as lessor)
Amounts due from lessees under finance leases are recorded as receivables at the amount of the Group's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Group's net investment outstanding in respect of the leases.

Operating Leases (the Group as lessee)
Rentals paid under operating leases are charged to the CIES as an expense of the services that benefit from use of the leased property, plant or equipment.

Charges are made on a straight-line basis over the life of the lease, even if this does not match the pattern of payments.

Operating Leases (the Group as lessor)
Rental income from operating leases and initial direct costs are recognised in the CIES on a straight-line basis over the term of the relevant lease.

xxiii. Intangible Assets

Expenditure, of £10,000 and above, on non-monetary assets that do not have physical substance but are controlled by the Group as a result of past events (e.g. software licences) is capitalised when it is expected that future economic benefits or service potential will flow from the intangible assets to the Group.

Internally generated assets are capitalised where it is demonstrable that the project is technically feasible, is intended to be completed and will generate future economic benefits or deliver service potential through use of the asset. Expenditure is capitalised where it can be measured reliably as attributable to the asset and is restricted to that incurred during the development phase.

Expenditure on the development of websites is not capitalised if the website is solely or primarily intended to promote or advertise services or goods.

Intangible assets are measured initially at cost. Amounts are only revalued where the fair value of the assets held can be determined by reference to an active market. In practice, no intangible asset held meets this criterion, and they are therefore carried at amortised cost. The depreciable amount of an intangible asset is amortised over its useful life to the relevant service lines in the CIES. An asset is tested for impairment whenever there is an indication that the asset might be impaired - any losses recognised are posted to the relevant service lines in the CIES. Any gain or loss arising on the disposal or abandonment of an intangible asset is posted to the Other Operating Expenditure line in the CIES.

The useful lives and amortisation methods for software costs are as follows:

Software costs: Straight line - 3 to 5 years

Where expenditure on intangible assets qualifies as capital expenditure for statutory purposes, amortisation, impairment losses and disposal gains and losses are not permitted to have an impact on the General Fund Balance. The gains and losses are therefore reversed out of the General Fund Balance in the Movement on Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve.

xxiv. Property, Plant and Equipment

Assets that have physical substance and are held for use in the supply of goods or services, for rental to others, or for administrative purposes and that are expected to be used during more than one financial year are classified as Property, Plant and Equipment.

Recognition

Expenditure, of £10,000 and above, on the acquisition, creation or enhancement of Property, Plant and Equipment is capitalised on an accruals basis, provided that it is probable that the future economic benefits or service potential associated with the item will flow to the Authority and the cost of the item can be reliably measured. Expenditure that maintains but does not add to an asset's potential to deliver future economic benefits or service potential (i.e. repairs and maintenance) is charged as an expense when it is incurred. Expenditure below £10,000 may be grouped and capitalised where practicable to do so.

De-recognition

Where expenditure is incurred in the direct replacement of an existing asset or a significant component of an existing asset – that component is de-recognised prior to the recognition of any subsequent expenditure.

Initial Measurement and Valuations

Assets are initially measured at cost, comprising:

- the purchase price;
- any costs attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management; and
- Borrowing costs incurred are not capitalised whilst assets are under construction.

Assets are then measured on the Balance Sheet date using a current value basis:

- Specialised properties with no active market – measured at depreciated replacement cost (DRC), being the present value of the assets' remaining service potential, which can be assumed equal to the cost of replacing that service potential;
- Non-specialised operational properties – measured at existing use value, being the market value based on the assumption that the property is sold as part of the continuing enterprise;
- Surplus assets – measured at fair value, being the price that would be received to sell an asset in an orderly transaction between market participants; and
- Plant and equipment – measured at cost less accumulated depreciation and accumulated impairment losses as a proxy for current value.

Assets under construction are measured at cost less accumulated impairment losses.

Valuations

Assets included in the Balance Sheet at current and fair value are revalued annually to ensure that their carrying amount is not materially different from their current or fair value at the year-end. Increases in valuations are matched by credits to the Revaluation Reserve to recognise unrealised gains. Exceptionally, gains might be credited to the Comprehensive Income and Expenditure Account in order to reverse a loss charged to services in a prior year.

Where decreases in value are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

- where there is an insufficient balance in the revaluation reserve, the revaluation reserve is written down to nil and the remaining amount of the decrease in value is written down against the relevant service line(s) in the CIES.

Where there is no balance in the Revaluation Reserve, the whole amount of the decrease in value is written down against the relevant service line(s) in the CIES.

Impairment

Assets are assessed at each year end as to whether there is any indication that an asset may be impaired. Where indications exist and any possible differences are estimated to be material, the recoverable amount of the asset is estimated and, where this is less than the carrying amount of the asset, an impairment loss is recognised for the shortfall.
Where impairment losses are identified, they are accounted for as follows:

- where there is a balance of revaluation gains for the asset in the Revaluation Reserve, the carrying amount of the asset is written down against that balance (up to the amount of the accumulated gains); and

- where there is no balance in the Revaluation Reserve or an insufficient balance, the carrying amount of the asset is written down against the relevant service line(s) in the CIES.

Where an impairment loss is reversed subsequently, the reversal is credited to the relevant service line(s) in the CIES, up to the amount of the original loss, adjusted for depreciation that would have been charged if the loss had not been recognised.

Depreciation

Depreciation is provided on all Property, Plant and Equipment assets by systematic allocation of their depreciable amounts over their useful lives. An exception is made for assets that are not yet available for use (i.e. assets under construction).

Depreciation is provided according to the following policy:

- Newly acquired assets are depreciated when they are brought into use or on an average basis; and

- Depreciation is calculated using the straight-line method and over the following useful lives:
  - Buildings – up to 60 years
  - Plant and equipment – 3 to 40 years
  - IT infrastructure and development – 3 years
  - Furniture, fixtures and fittings – 5 to 10 years
  - Motor vehicles – 3 years

Where an item of Property, Plant and Equipment has major components with significantly different useful lives and the cost of which is significant in relation to the total cost of the item, the components are depreciated separately.

Land is not depreciated as it is deemed to have an indefinite useful life.

Disposals

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of the disposal).

The following policy will be applied to the de-recognition of fully depreciated assets:

- Asset life 5 years –write off after 8 years if existing use cannot be determined (or sooner if confirmed no longer in use); and
- Asset life 3 years – write off after 5 years if existing use cannot be determined (or sooner if confirmed no longer in use).

Amounts received for a disposal in excess of £10,000 are categorised as capital receipts. Receipts are apportioned to the Capital Receipts Reserve from the General Fund Balance in the Movement in Reserves Statement.

The written-off value of the disposal is not a charge against the Council Tax, as the cost of fixed assets is fully provided for under separate arrangements for capital financing. Amounts are appropriated to the Capital Adjustment Account from the General Fund Balance in the Movement in Reserves Statement.

Non-current assets held for sale

When it becomes probable that the carrying amount of an asset will be recovered principally through a sale transaction rather than through its continuing use, it is reclassified as an Asset Held for Sale. The asset is revalued immediately before reclassification and then carried at the lower of this amount and fair value less costs to sell. Where there is a subsequent decrease to fair value less costs to sell, the loss is posted to the Other Operating Expenditure line in the CIES. Gains in fair value are recognised only up to the amount of any previously losses recognised in the Surplus or Deficit on Provision of Services. Depreciation is not charged on Assets Held for Sale.

If assets no longer meet the criteria to be classified as Assets Held for Sale, they are reclassified back to non-current assets and valued at the lower of their carrying amount before they were classified as held for sale; adjusted for depreciation, amortisation or revaluations that would have been recognised had they not been classified as Held for Sale, and their recoverable amount at the date of the decision not to sell.

Assets that are to be abandoned or scrapped are not reclassified as Assets Held for Sale.

When an asset is disposed of or decommissioned, the carrying amount of the asset in the Balance Sheet (whether Property, Plant and Equipment or Assets Held for Sale) is written off to the Other Operating Expenditure line in the CIES as part of the gain or loss on disposal. Receipts from disposals (if any) are credited to the same line in the CIES also as part of the gain or loss on disposal (i.e. netted off against the carrying value of the asset at the time of disposal). Any revaluation gains accumulated for the asset in the Revaluation Reserve are transferred to the Capital Adjustment Account.

xxv. Heritage Assets

Heritage assets are assets that are held principally for their contribution to knowledge or culture and may be carried at cost or fair value based on market value. Most often this is deemed to be its insured value, for example in the case of works of art.

Two heritage assets were transferred on 1 April 2012 from the Homes and Community Agency both had depreciated to a nil carrying value. The assets held are of a unique nature and there is no historical cost information available and no comparable market value information.

The Group considers the cost of obtaining such information outweighs the benefits to the users of the financial statements. As a result, the assets have not been recognised on the Balance Sheet. The appropriate disclosures have been made in Note 28.

xxvi. Investment Property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the supply of services or for administrative purposes.

Investment property is measured initially at cost, including transaction costs, and subsequently measured at fair value, being the price that would be received to sell such an asset in an orderly transaction between market participants at the measurement date. As a non-financial asset, investment properties are measured at highest and best use. Properties are not depreciated but are revalued annually according to market conditions at the year-end. Gains and losses on revaluation and on disposal are recognised in the CIES. As statutory arrangements do not allow these gains and losses to impact the General Fund, they are subsequently reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account and the Capital Receipts Reserve (sales proceeds). When the use of a property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

External, professionally qualified valuers are used to measure fair value.

If the use of an investment property changes such that it requires a transfer to inventories, then the property's deemed cost in accordance IAS 2 (Inventories) shall be its fair value at the date of change in use.

Where there is a change in use of a property, this may result in a reclassification of an investment property to inventories, or vice versa. A change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use.

As set out in IAS 40, a change in management's intentions for the use of a property does not, in isolation, provide evidence of a change in use. However, an example of a change in use is the commencement of development with a view to sale.

In this context, management defines 'commencement of development' as the start of work on site, which could be on a phased basis and (with reference to Section 56 of the Town and Country Planning Act 1990) includes:

- any work of construction in the course of the erection of a building
- any work of demolition of a building
- the digging of a trench which is to contain the foundations, or part of the foundations, of a building

- the laying of any underground main or pipe to the foundations, or part of the foundations, of a building
- the course of laying out or constructing a road or part of a road

Where group entity decides to dispose of an investment property (e.g. land) without development, it continues to treat the property as an investment property until it is derecognised (eliminated from the statement of financial position) and does not reclassify it as inventory.

xxvii. Revenue expenditure funded from capital under statute (REFCUS)

Revenue expenditure funded from capital under statute is expenditure that may be capitalised under statutory provisions but which does not result in the creation of a fixed asset to the Authority/Group. For example, grant paid to a third party for the purchase or creation of a fixed asset. This will include capital grants paid to Transport for London in respect of the Northern Line Extension and Crossrail, housing capital funding paid to London boroughs, developers and housing associations; and regeneration funding paid to London boroughs and other organisations.

REFCUS is charged as expenditure to the relevant service revenue account in the year. Where such expenditure is funded from capital grants or contributions, the grants or contributions (or the portions that relate to the expenditure) are recognised as revenue grants or contributions. Both the expenditure and the grant or contributions are reversed out of the General Fund Balance in the Movement in Reserves Statement and posted to the Capital Adjustment Account so there is no impact on the level of the precept.

xxviii. Provisions, Contingent Liabilities and Contingent Assets

Provisions

Provisions are made where an event has taken place that gives rise to a legal or constructive obligation that probably requires settlement by a transfer of economic benefits or service potential, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the appropriate service line in the CIES in the year that the Group becomes aware of the obligation, and are measured at the best estimate at the balance sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet. Estimated settlements are reviewed at the end of each financial year – where it becomes less than probable that a transfer of economic benefits will now be required (or a lower settlement than anticipated is made), the provision is reversed and credited back to the relevant service.

Where some or all of the payment required to settle a provision is expected to be recovered from another party (e.g. from an insurance claim), this is only recognised as income for the relevant service if it is virtually certain that reimbursement will be received if the obligation is settled.

Onerous contracts

A provision for onerous contracts is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract, which is determined based on incremental costs necessary to fulfil the obligation under the contract.

Contingent Liabilities

A contingent liability arises where an event has taken place that gives rise to a possible obligation whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent liabilities also arise in circumstances where a provision would otherwise be made but either it is not probable that an outflow of resources will be required or the amount of the obligation cannot be measured reliably.

Contingent liabilities are not recognised in the Balance Sheet but disclosed in a note to the accounts.

Contingent Assets

A contingent asset arises where an event has taken place that gives rise to a possible asset whose existence will only be confirmed by the occurrence or otherwise of uncertain future events not wholly within the control of the Group. Contingent assets are not recognised in the Balance Sheet but disclosed in a note to the accounts where it is probable that there will be an inflow of economic benefits or service potential.

xxix. Reserves

Specific amounts are set aside as reserves for future policy purposes or to cover contingencies. Reserves are created by earmarking amounts in the General Fund Balance and showing these as transfers between the earmarked and non-earmarked General Fund reserves in the Movement in Reserves Statement. When expenditure to be financed from a reserve is incurred, it is charged to the appropriate service in that year to score against the Surplus or Deficit on the Provision of Services in the CIES. The reserve is then appropriated back into the non-earmarked portion of the General Fund reserves in the Movement in Reserves Statement so that there is no net charge against council tax for the expenditure.

Capital reserves are kept to manage the accounting processes for non-current assets, retirement and employee benefits and do not represent usable resources for the Group – these reserves are explained in the relevant accounting policies.

xxx. VAT

VAT payable is included as an expense only to the extent that it is not recoverable from Her Majesty's Revenue and Customs. VAT receivable is excluded from income.

xxxi. Corporation Tax

Corporation tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in the CIES except to the extent that it relates to a business combination, or to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable profit or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are disclosed net to the extent that they relate to taxes levied by the same authority and the Group has the right of set off.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

xxxii. Minimum Revenue Provision

A minimum revenue provision (MRP) is a requirement to spread the revenue cost of capital expenditure over a period that is reasonably commensurate with that over which the capital expenditure provides benefits. The provision is in respect of capital financed by borrowing or credit arrangements. The scheme for calculating MRP is set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008.

The GLA's relevant capital expenditure currently relates to major infrastructure projects, namely Crossrail and the Northern Line Extension (NLE). Due to the scale of the GLA commitment to these projects (£7.0bn and £1bn respectively), the GLA considers it prudent to maintain ringfenced project accounts for each. In the case of Crossrail, the ringfencing is prescribed by statute.

In both cases, the GLA's expenditure takes the form of grants to TfL to fund all or part of the project costs. Various statutory or contractual income streams are available to the GLA to meet these costs, and are credited to the relevant ringfenced project accounts, either to fund grants directly or meet associated financing costs, including repayment of borrowing.

- In the case of Crossrail, the principal income stream is Crossrail Business Rates Supplement (BRS), supplemented from 2019/20 (as a source of revenue to finance and repay debt following changes made to legislation) by the Mayoral Community Infrastructure Levy (MCIL)
- For the NLE, the funding is collected by the London Boroughs of Lambeth and Wandsworth and comprises a share of the ring-fenced business rates growth in the Battersea and Nine Elms designated area and contributions from local developers.

For each project, the annual MRP is set at the surplus of income credited to the project account over the net financing and other revenue expenditure, including the making good of prior year project account deficits. This is a prudent provision, since it will fully fund the costs attributable to each project over a period of time reasonably commensurate with the benefits of that project.

Where the GLA incurs capital expenditure as a result of making a loan to another entity for purposes that, had the GLA undertaken these directly, would be treated as capital expenditure, then the capital financing requirement element arising from such loans shall be excluded from the minimum revenue provision calculations to reflect the policy that the capital receipt arising from the repayment of the loan will be applied in full to meet the initial expenditure. The Executive Director of Resources may override this exemption on the grounds of prudence, directing a provision to be made in accordance with the methodology set out in the Local Authorities (Capital Finance and Accounting) (England) (Amendment) Regulations 2008. However, the impact of such direction on the revenue account shall be accounted for as a voluntary revenue provision (VRP).

3. Accounting Standards issued but not yet effective

At the date of authorisation of the Group financial statements, the following new standards and amendments to existing standards have been published but not yet adopted by the Code of Practice of Local Authority Accounting in the United Kingdom:

IFRS 16 Leases

- IFRS 16 Leases replaces IAS 17 Leases and will be effective for annual periods beginning on or after 1 April 2024. The Group's accounting as a lessor will remain aligned to the current approach under IAS 17; however, for lessee accounting there will no longer be a distinction between finance and operating leases. The transition approach adopted by the Group will result in the recognition of right of use assets and lease liabilities in respect of leased properties previously accounted for as operating leases. Work is currently underway to quantify the lease liabilities. As permitted by the transition options under IFRS 16, comparative figures for the prior year will not be restated. Going forward, the Group will recognise a finance charge on the lease liability and a depreciation charge on the right-of-use asset, whereas previously the Group included lease rentals within the respective service area's expenditure. The Group intends to take advantage of the exemption to not recognise a lease liability and a right-of-use asset for leases for which the underlying asset is of low value.

4. Transfer of function

There were no transfers of function in 2021/22.

5. Use of estimates and judgements

The preparation of financial statements in conformity with the Code requires the use of certain critical accounting estimates. It also requires management to exercise judgement in applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed below:

Estimates

LLDC Funding

LLDC's funding is agreed annually for a four-year rolling budget via the GLA's statutory budgeting process. LLDC maintains a long-term financial plan, which is shared with the GLA and is heavily dependent on future receipts from the sale of development properties and support from the GLA.

This provides LLDC with a level of certainty about future levels of funding, however it is subject to constant review with the GLA. LLDC has determined that there is sufficient certainty to provide an indication that its long-term objectives will be achieved.

Fair Value

A range of judgements and estimates are made when determining the fair values of property assets and financial instruments held at fair value. Where applicable the impact of COVID-19 on rental income and comparable property values has been taken into account by the Valuers.

Fair values of properties

Investment Properties are valued at fair value. The carrying value of investment properties at Group level, at 31 March 2022, totalled £240.2m, see note 26 for further details.

The significant assumptions applied in estimating the fair values of investment properties are:
For income producing properties, the Valuers adopt an investment approach where they apply a capitalisation rate, as a multiplier, against the current and, if any, reversionary income streams. The significant unobservable inputs used in the fair value measurement include management assumptions regarding rent growth, vacancy levels and discount rates – adjusted for regional factors. Following market practice, they construct their valuations adopting methodology where the reversions are generated from regular short-term uplifts of market rent. They would normally apply a term and reversion approach where the next event is one which fundamentally

changes the nature of the income or characteristics of the investment. Where there is an actual exposure or a risk thereto of irrecoverable costs, including those of achieving a letting, an allowance is reflected in the valuation;

- the assessment of rental values is formed purely for the purposes of assisting in the formation of an opinion of capital value and is generally on the basis of Market Rent, as defined in the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement as applicable ('the RICS Red Book'). Where circumstances dictate that it is necessary to utilise a different rental value in the capital valuation, the Valuers will generally set out the reasons for this in their report;

- vacant buildings, in addition to the above methodology, may also be valued and analysed on a comparison method with other capital value transactions where applicable; and

- where there is no market-based evidence of fair value because of the specialist nature of an asset, depreciated replacement cost (DRC) is used as an estimate of fair value. This requires assumptions being made on the nature, size and specification of the modern equivalent building and all other necessary improvements; and calculating the cost of providing these by reference to published building cost data. Assumptions are also made on the percentage depreciation required to adjust or depreciate all costs incurred to provide the modern equivalent asset to reflect differences between this modern equivalent and the actual asset being valued.

Fair values of financial instruments

Where quoted market prices are not available, valuation techniques are used to value financial instruments. These include models using both observable and unobservable market inputs. The valuation techniques involve judgement regarding the valuation models used and the inputs to these models can lead to a range of plausible valuation for financial investments. Inputs include forecast cash flows, appropriate market interest rates and for property backed loans a key input is the underlying property valuation.

Inventory (Development Property)

The Group holds land and buildings for sale and for development and subsequent sale as Inventory. Annual valuation reviews are undertaken to identify property held for sale or developments in progress where the balance sheet value is more than the lower of cost or net realisable value.

Inventories are held at the lower of cost and net realisable value or the lower of cost or current replacement cost where they are being distributed for no charge or for a nominal charge (IPSAS 12).

The net realisable value is based upon the potential income to be generated by the various assets. Should evidence emerge that causes the Group entities to amend these estimates, the carrying value of inventories could change. This includes changes to the affordable housing and/or construction price inflation assumptions on developments, including on LLDC's development sites under construction.

Where there is a transfer to inventories from investment properties arising from a change of use, the inventory's deemed cost is its fair value at the date of change in use. For residential development inventories, the fair value at the date of transfer will be based upon the potential income to be generated by the various assets. Again, any change in these estimates could impact the carrying value of the inventories, which could result in a write-down in value to the CIES. For example, a 10 per cent reduction in the value of LLDC's inventories would result in a £16.2m charge to the CIES. This could be driven, for example, by a change in forecast future construction price inflation for the East Bank buildings

In the period to 31 March 2022, this review resulted in a £8.6m reversal of previous write downs to fair value and a write down to net realisable value of £0.4m. See note 37 for further details.

Investment Property

IAS 40 Investment properties (IAS 40), requires that properties are classified as investment properties where they are held for the purpose of capital appreciation or to earn rentals. To comply with IAS 40, judgement needs to be exercised in determining whether these properties should be classified as investment properties. As investment properties are valued at fair value with movements in the fair value being recorded in the income statement this could have a significant effect on the reported surplus or deficit of the Group.

Investment property valuations are based on the estimated potential income to be generated by the various assets. Should evidence emerge that requires amendments to these estimates, the estimated fair value of investment properties could change. This includes changes to the affordable housing requirements and/or construction price inflation assumptions on developments, including on LLDC's remaining development sites on the Queen Elizabeth Park.

The carrying value of investment properties at Group level, at 31 March 2022, totalled £240.2m, see note 26 for further details.

Classification between investment properties and inventories

The intention for which a property is held, is considered at the outset when each property is acquired, to inform the classification of the property as either an investment property or an inventory. Where the intention is to trade or dispose the property within the ordinary course of business, the property is classified as inventory property. Where the intention is to hold the property for its long-term rental yield or capital appreciation (or both), the property is classified as an investment property. Where the intention cannot be determined with any certainty the property is classified as an investment property.

Where there is a demonstrable change in use of the property, a transfer between investment property and inventory property takes place. A change in use occurs when the property ceases to meet the definition of investment property and there is evidence of the change in use. The transfer will take place when there are observable actions toward effecting a change in use, for example the commencement of development with a view to a sale.

The classification of properties is a significant judgement which directly impacts the net asset position and reported financial performance, as inventory properties are held at the lower of cost and net realisable value or, when appropriate, at lower of cost and current replacement cost, whilst investment properties are held at fair value, with gains or losses taken through the Comprehensive Income and Expenditure Statement. Refer to notes 26 and 37 for further information.

Affordable housing assumptions

Property valuations are based on current intentions for assets, contracts and tendering activity. The asset valuations are subject to assumptions around the levels of affordable housing, which is a factor in valuing development property and in determining the highest and best use for investment properties. The London Plan 2021 was published on 2 March 2021 and the strategic target remains at 50 per cent of all new homes delivered across London to be genuinely affordable. An increase in the affordable housing levels on what is currently assumed in the 31 March valuations would lead to a decrease in value.

Property, plant and equipment

In determining the useful economic life of property, plant and equipment, judgement needs to be exercised in estimating the length of time that assets will be operational. Judgements are also required regarding the valuation of property, plant and equipment, the classification of specialist/non-specialist assets and in determining residual values.

The carrying value of property, plant and equipment at Group level, at 31 March 2022, totalled £24.2m, see note 25 for further details.

Fair value of Equity Mortgages

Equity Mortgages are held as non-current financial instruments valued at fair value through profit and loss. These are amounts receivable individually from the private owners of housing units when their properties are sold and are secured by a second charge over their property.

Equity mortgages are valued with reference to published house price indices. For equity interests in housing units, the fair value at the balance sheet date is calculated using movements in the Land Registry house price index for the London region, this being the most relevant available observable market data. At 31 March 2022 the asset recognised on the balance sheet was £35.3m. See note 29 for further details

Fair Value of Loan Investments

Loan investments classified as fair value through profit loss, held by GLAP, include two loans totalling £23.3m which are valued with reference to the net value of the underlying asset portfolio. The valuation of this portfolio is determined with reference to assumptions such as rental growth index, house price growth and discount rate.

Financial Instruments – Allowances for Impairment Losses

Expected credit loss allowances (ECL) reflect past performance, current conditions and the Group's view of economic conditions over the expected lives of financial assets, notably loan investments and trade receivables held at amortised cost.

Definition of default

The probability of default (PD) of an exposure, both over a 12-month period and over its lifetime, is a key input to the measurement of the ECL allowance. Default has occurred when there is evidence that the customer is experiencing significant financial difficulty which is likely to affect the ability to repay amounts due or has failed to comply with key financial covenants and other performance obligations in development agreements.

E20 Stadium LLP Onerous Contract Provision

The methodology used to estimate the onerous contract provision uses revenues, costs and overheads that are directly attributable to the West Ham United Football Club and UK Athletics agreements and the discount rate used reflects a risk-free rate (based on Government gilt rates at the reporting date. Variations in these inputs could have a material impact upon the value of the provision. The provision is currently estimated at £231.9m (Note 41).

East Bank Provision

The East Bank provision is based upon LLDC's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Accordingly, LLDC has used estimates of the future cost of delivering the buildings to determine the value of the related provisions. These are based on a variety of assumptions, including construction prices, which may vary and impact upon the level of provision required and, therefore, the associated movements through the Comprehensive Income and Expenditure Accounts.

If actual results differ from assumptions, then there may be the need for the provision to be increased, with a consequential impact upon the CIES. For example, a 10 per cent increase in the estimated value of East Bank provision at 31 March 2022 would result in a £22.5m charge to the CIES.

Post-retirement benefits

Pensions liability – the estimation of the net liability to pay pensions depends on complex judgements relating to the discount rate used, the rate at which salaries are projected to increase, changes in retirement ages, mortality rates and expected returns on pension fund assets. Actuaries are engaged to provide the Authority with expert advice about the assumptions to be applied. The assumptions made and sensitivity analysis, are provided in Note 21. The carrying value of the pensions liability, at Group level, totalled £256.7m at 31 March 2022 (Note 21).

Judgements

Council tax accounting

The Authority's share of the 2021/22 council tax surplus is £13.6m (Note 14). This is based on unaudited figures from the 32 London boroughs and the City of London Corporation. Any post audit amendments on Council Tax are incorporated into the following year's accounts.

The *Code of Practice on Local Authority Accounting in the United Kingdom 2021/22* sets out the methodology for determining the Authority's attributable share of council tax and non-domestic debtors and creditors. It is an estimate based on the demand/precept proportions for the next financial year. Any post audit amendments on Council Tax are incorporated into the following year's accounts.

Business rates accounting

The amounts recorded for retained business rates in respect of 2021/22 are derived from the National Non-Domestic Rates 3 (NNDR3) outturn returns received by the GLA from the capital's 33 local billing authorities during June and July 2022 which it has been able to incorporate in the GLA's draft accounts and in respect of budgeted income the National Non-Domestic Rates 1 (NNDR1) forecast returns received in January 2021. The NNDR3 returns for 2021/22 used in the GLA's final accounts are based on these draft versions which may be subject to change in some cases once each billing authority's final accounts are audited and published. but the data used will be materially consistent with the information reported in the collection fund statements within the draft statutory accounts of each billing authority albeit applied to the GLA's 37 per cent share of business rates income and relevant balance sheet items set out under regulations and approved in the 2021/22 local government finance settlement. The GLA has undertaken further analytical review work on these returns in consultation with billing authorities given the risk and uncertainties arising from the ongoing impact of the Covid-19 pandemic and the fact that some, have still to have their 2020/21 (and in a limited number of cases their 2019-20) accounts, including their collection fund data, signed off by their external auditors so there may be adjustments relating to prior years still to be made.

The final statutory accounts have incorporated, where practical and material, amendments made compared to these draft figures where these have been advised to the GLA on a timely basis in advance of the publication of the GLA's audited accounts. Any variations arising from the final NNDR3 returns not received by the date the authority's accounts are approved will generally be incorporated in the cumulative balances, accruals, non-domestic rating income figures and provisions in the following year's statutory accounts.

Under statutory regulations the aggregate sums reported by billing authorities provide the source data for these estimates and provisions and determine the income and potential levy and safety net payments to or from the Secretary of State that the GLA is required to provide for and recognise. The instalments payable to the GLA during the financial year and used for budgeting purposes are calculated based on the National Non-Domestic Rates 1 estimates submitted by the 31 January prior to the start of the financial year.

The most significant provision relates to the estimate for potential refunds to ratepayers arising from successful non-domestic rating appeals and other changes to the valuation list relating both to the 2021/22 financial year and for backdated amounts for prior accounting periods. In estimating their provision each London billing authority will have had regard to the settlement rates of historical appeals and the level of challenges unresolved at the financial year end as well as risks of future challenges which have a backdated impact including those arising from material changes of circumstances (MCC) in relation to a hereditament or its locality. Billing authorities have also generally considered the case for incorporating an estimate for the potential impact of challenges and appeals not lodged by the balance sheet date and made an assessment as to their potential materiality as part of the determination of their final provision estimates.

The GLA has considered the possibility that billing authorities may have under or over provided for the impact of challenges to valuations. Over provisions may arise where the Valuation Office and Valuation Tribunal rejects a greater proportion of challenges than anticipated because it considers that the rating list is generally accurate or successful appeals are backdated to an earlier reference date. Under provisions may occur if a higher proportion of the rating list is ultimately challenged successfully by ratepayers or there may be changes to national rating policies for certain business sectors which have a greater material impact in some billing authorities.

In addition there is also a provision for non-collection of NNDR income (i.e. the impairment of doubtful debts). Billing authorities will have had regard to proper accounting practice and guidance in relation to the calculation of these provisions taking into account their local circumstances.

In setting their baseline forecasts for business rates income at the start of the 2010 rating list the Office of Budget Responsibility and the then Department for Communities and Local Government assumed a 5% calibration adjustment factor for potential reductions to rates income due to factors such as rating appeals over the period of a rating list. The Government also applied a further adjustment factor of 3 per cent in calculating the business rates baselines for 2013/14 – the first year of the rates retention system - to allow for outlier authorities where the risk of appeals might be considered to be greatest. For those authorities accounting for the largest proportion of the GLA's income the provisions made exceed these percentage rates assumed by central government. For the new 2017 rating list which came into force on the 1 April 2017 the Government assumed an average 4.5 per cent reduction due to losses on appeals over the life of the list when setting the NNDR multiplier for 2017/18.

The GLA considers that based on its initial assessment the appeals provisions made appear reasonable having regard to the risks associated with business rates retention, the fact that it is supported by Valuation Office data on checks, challenges and assessment reviews against the 2010 and 2017 local rating lists at 31 March 2022, and that billing authorities have had regard to Accounting Standards and their knowledge of historic trends in relation to the variation in the rating list in preparing their estimates.

The GLA has also made an estimate as to the levy on business rates growth it will be required to pay to the government in respect of 2021/22 and has accrued for this as a creditor in its accounts. Due to the uncertainty around the final amount payable and the fact that the government has not confirmed the final methodology for determining levy and safety net payments for 2021/22 – or issued a calculator – the GLA has made an additional provision due to the risk that the final sum payable may be higher than its current estimate.

London Fire Commissioner (LFC)

In January 2016, the Government announced its decision to abolish the previous London Fire and Emergency Planning Authority (LFEPA) and make the Mayor directly responsible for fire and rescue services. The Policing and Crime Act 2017 replaces LFEPA with a London Fire Commissioner and a Deputy Mayor for Fire. The London Fire Commissioner was established as a corporation sole and new functional body from 1 April 2018.

LFC is the fire and rescue authority for London. It is responsible for providing London's fire and rescue service, ensuring that it is effective and efficient. All formal decisions about London Fire Brigade (LFB) are made by the LFC, though some decisions may need to receive prior approval from, or be consulted on, with the Deputy Mayor for Fire and Resilience or the Mayor of London.

A review of the governance arrangements was undertaken by management to determine whether the new arrangements meant LFC was now controlled by the GLA and, in accordance with IFRS 10, be consolidated in the GLA's group accounts. The review found that while the GLA has had more control over the LFB in the period since the change of governance arrangements on 1 April 2018 than it did previously, there are no direct benefits accruing to the GLA from this oversight, as the LFB primarily remains part of a nationwide fire service. Furthermore, operational control of the LFB clearly rests with the London Fire Commissioner rather than the GLA. While the GLA may provide some policy and resource oversight, as well as a challenge function, most of the LFB's activities continue as before – in an operational sense – without reference back to the GLA. In management's judgement the governance arrangements do not bring the LFC under the Authority's control and it will therefore not form part of the GLA's group accounts going forward.

Leases

In assessing whether a lease is an operating lease or a finance lease, judgement needs to be exercised in determining whether or not substantially all the risks and rewards of ownership of the leased asset are held or have been transferred by the Group. Given that finance lease obligations/receivables are recognised as liabilities/assets, and operating lease obligations/receivables are not, this can have a significant effect on the reported financial position of the Group.

At 31 March 2022, the carrying values of finance lease receivables at Group level were significant, totalling £99.9m, see note 35 for further details.

Determining whether an arrangement contains a lease

When determining whether an arrangement contains a lease, as required by IFRIC 4, judgement needs to be exercised in determining whether the arrangement conveys the right to use an asset. Given that this could result in additional finance leases being recognised on the Balance Sheet this can have a significant effect on the reported financial position of the Group.

Financial instruments - Classification

The classification decision for non-equity financial assets under IFRS 9, is dependent on two key criteria:

- The business model within which the asset is held (the business model test), and
- The contractual cash flows of the asset (the SPPI test).

Determining the appropriate business model and assessing whether the cash flows generated by an asset consist solely of payments of principal and interest requires management judgement and can affect whether the financial instrument is held at amortised cost or fair value and whether changes in fair value are recognised in the Income and Expenditure Account or in Other Comprehensive Income.

6. Authorisation of the Statement of Accounts

The Statement of Accounts was authorised for issue on the date the Executive Director of Resources certified that the accounts give a true and fair view of the financial position of the Authority at the year-end; and its income and expenditure, see the "Statement of Responsibilities for the Statement of Accounts". This is the date up to which events after the balance sheet date have been considered (Note 54).

7. Expenditure and Income analysed by nature

The Authority's expenditure and income is analysed as follows:

	2021/22 £000	2020/21 £000
Expenditure		
Employee benefits expenses	115,243	95,509
Other service expenses	4,441,906	3,882,880
Support service recharges	-	-
Depreciation, amortisation and impairment	3,212	3,055
Interest payments and similar charges	170,106	164,226
Precepts and other payments to Functional Bodies	1,020,766	951,692
Non-domestic rates levy and pool contribution	52,441	6,110
BRR Tariff Payment	812,353	813,072
Total Expenditure	**6,616,027**	**5,916,544**
Income		
Government grants and other contributions	(1,981,959)	(3,272,480)
Income from council tax and non-domestic rates	(3,869,043)	(2,803,048)
Fees, charges and other service income	(133,060)	(34,257)
Interest and investment income	(66,325)	(72,580)
Total Income	**(6,050,387)**	**(6,182,365)**
(Surplus) or Deficit on Provision of Service	**565,640**	**(265,821)**

*BRR-Business Rates Retention

8. Expenditure and Funding Analysis

The Expenditure and Funding Analysis ("EFA") shows how annual expenditure is used and funded from resources (government grants, rents, council tax and business rates) in comparison with those resources consumed or earned in accordance with generally accepted accounting practices.

2020/21			Authority	2021/22		
Net Exp Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Exp in the CIES*		Net Expenditure Chargeable to the General Fund	Adjustments between Funding and Accounting Basis	Net Exp in the CIES*
£000	£000	£000		£000	£000	£000
7,762	669	8,431	Assembly & Secretariat	7,890	1,118	9,008
13,188	544	13,732	Chief Officer	26,802	1,599	28,401
39,013	1,470	40,483	Communities & Skills	31,494	22,719	54,213
59,038	56,923	115,961	Good Growth	59,294	41,486	100,780
27,889	781,963	809,852	Housing & Land	20,298	976,676	996,974
5,946	968	6,914	Mayor's Office	5,487	1,809	7,296
31,473	38,659	70,132	Resources	36,950	103,723	140,673
16,793	1,713	18,506	Strategy & Communications	22,486	4,164	26,650
(6,689)	412	(6,277)	Adult Education	(23,170)	1,131	(22,039)
204,057	(151,946)	52,111	Corporate & Group Items	397,901	(340,576)	57,325
398,470	**731,375**	**1,129,845**	**Net Cost of Services**	**585,432**	**813,849**	**1,399,281**
(2,008,593)	612,927	(1,395,666)	Other Income and Expenditure	(111,199)	(722,442)	(833,641)
(1,610,123)	**1,344,302**	**(265,821)**	**Surplus or Deficit**	**474,233**	**91,407**	**565,640**
(736,532)			**Opening General Fund Balance**	(2,346,318)		
(1,610,123)			**Less/Plus Surplus or (Deficit)**	474,233		
337			**Transfer from Deferred Capital Receipts Reserve**	-		
(2,346,318)			**Closing General Fund Balance**	**(1,872,085)**		

*CIES-Comprehensive Income and Expenditure Account

8a. EFA – Adjustments between funding and accounting basis

Authority 2021/22

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes £000	Net change for the Pensions Adjustments £000	Other Differences £000	Total Adjustments £000
Assembly & Secretariat	-	1,211	(93)	**1,118**
Chief Officer	-	1,544	55	**1,599**
Communities & Skills	19,171	3,524	24	**22,719**
Good Growth	34,544	7,016	(74)	**41,486**
Housing & Land	971,369	4,883	425	**976,677**
Mayor's Office	-	1,766	43	**1,809**
Resources	100,000	3,671	52	**103,723**
Strategy & Communications	-	4,217	(53)	**4,164**
Adult Education	-	1,136	(6)	**1,130**
Corporate and Group Items	3,212	-	(343,788)	**(340,576)**
Net Cost of Services	**1,128,296**	**28,968**	**(343,415)**	**813,849**
Other Income and Expenditure from the Expenditure and Funding Analysis	(8,019)	5,430	(719,853)	**(722,442)**
Difference between surplus or deficit on the General Fund and the CIES	**1,120,277**	**34,398**	**(1,063,268)**	**91,407**

Authority 2020/21

Adjustments from General Fund to arrive at the Comprehensive Income and Expenditure Statements amounts	Adjustments for Capital Purposes	Net change for the Pensions Adjustments	Other Differences	Total Adjustments
	£000	£000	£000	£000
Adult Education	-	385	27	**412**
Assembly & Secretariat	-	573	96	**669**
Chief Officer	-	502	42	**544**
Communities & Skills	-	1,347	123	**1,470**
Good Growth	53,889	2,736	298	**56,923**
Housing & Land	780,036	1,744	185	**781,965**
Mayor's Office	-	835	133	**968**
Resources	37,068	1,494	97	**38,659**
Strategy & Communications	-	1,552	161	**1,713**
Corporate and Group Items	3,055	6	(155,009)	**(151,948)**
Net Cost of Services	**874,048**	**11,174**	**(153,847)**	**731,375**
Other Income and Expenditure from the Expenditure and Funding Analysis	(1,040,151)	3,125	1,649,953	**612,927**
Difference between surplus or deficit on the General Fund and the CIES	**(166,103)**	**14,299**	**1,496,106**	**1,344,302**

9. Adjustments between Accounting Basis and Funding Basis under Regulations

This note details the adjustments that are made to the total comprehensive income and expenditure recognised by the Group in the year in accordance with proper accounting practice, and to the resources that are specified by statutory provisions as being available to the Group.

Group 2021/22

2021/22

	USABLE RESERVES			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs transferred to/(from) the Pensions Reserve	(40,277)	-	-	**(40,277)**
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	1,905	-	-	**1,905**
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	707,313	-	-	**707,313**
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	226	-	-	**226**
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,697,779)	-	-	**(1,697,779)**
Transfer of net income/expenditure to the BRS account	(106,138)	-	-	**(106,138)**
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	106,138	-	-	**106,138**
Total Adjustments to Revenue Resources	**(1,028,612)**	**-**	**-**	**(1,028,612)**
Adjustments between Revenue and Capital Resources				
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	156,453	(156,453)	-	**-**
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	488,864	-	(386,641)	**102,223**
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	225,522	-	-	**225,522**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	117,553	-	-	**117,553**
Total Adjustments between Revenue and Capital Resources	**988,392**	**(156,453)**	**(386,641)**	**445,298**
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	-	-	1,022,026	**1,022,026**
Use of the Capital Receipts Reserve to finance new capital expenditure	-	(57,989)	-	**(57,989)**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	66,893	29,908	-	**96,801**
Total Adjustments to Capital Resources	**66,893**	**(28,081)**	**1,022,026**	**1,060,838**
Total Adjustments	**26,673**	**(184,534)**	**635,385**	**477,524**

Group 2020/21 Restated
Adjustments between Accounting Basis and Funding Basis under Regulations

	USABLE RESERVES				Restated
	Restated General Fund Balance £000	BRS £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Total Usable Reserves £000
Adjustments to Revenue Resources					
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:					
Pension Costs transferred to/(from) the Pensions Reserve	(16,915)	-	-	-	**(16,915)**
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	2,162	-	-	-	**2,162**
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	(1,664,555)	-	-	-	**(1,664,555)**
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	(1,392)	-	-	-	**(1,392)**
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,022,240)		-	-	**(1,022,240)**
Current and Deferred tax liability movements	(3,679)		-	-	**(3,679)**
Transfer of net income/expenditure to the BRS account	(106,138)	106,138	-	-	**-**
Transfer of an amount equal to the BRS surplus from the BRS account to the General Fund	106,138	(106,138)	-	-	**-**
Total Adjustments to Revenue Resources	**(2,706,619)**	**-**	**-**	**-**	**(2,706,619)**
Adjustments between Revenue and Capital Resources					
Transfer of capital grant reclaims and non-current asset sale proceeds from revenue to the Capital Receipts Reserve	324,152	-	(324,152)	-	**-**
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	813,257	-	-	(839,063)	**(25,806)**
Statutory provision for the repayment of debt (transfer from the Capital Adjustment Account)	152,138	-	-	-	**152,138**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,871	-	-	-	**2,871**
Total Adjustments between Revenue and Capital Resources	**1,292,418**	**-**	**(324,152)**	**(839,063)**	**129,203**
Adjustments to Capital Resources					
Application of capital grants to finance capital expenditure	-	-	-	595,123	**595,123**
Capital receipt and capital grant financing swap and capital grant transferred from CAA to capital grants unapplied	-	-	9,232	-	**9,232**
Cash receipts in relation to long term capital debtors	-	-	(36,588)	-	**(36,588)**
Use of the Capital Receipts Reserve to finance new capital expenditure			407,493		**407,493**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal	67,766		(67,766)	-	**-**
Total Adjustments to Capital Resources	**67,766**	**-**	**312,371**	**595,123**	**975,260**
Total Adjustments	**(1,346,435)**	**-**	**(11,781)**	**(243,940)**	**(1,602,156)**

Authority
Adjustments between Accounting Basis and Funding Basis under Regulations

2021/22	USABLE RESERVES			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs transferred to/(from) the Pensions Reserve	(34,397)	-	-	**(34,397)**
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	1,905	-	-	**1,905**
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	707,312	-	-	**707,312**
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	73	-	-	**73**
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(1,653,180)	-	-	**(1,653,180)**
Total Adjustments to Revenue Resources	**(978,287)**	**-**	**-**	**(978,287)**
Adjustments between Revenue and Capital Resources				
Transfer of capital grant reclaims from revenue to the Capital Receipts Reserve	156,453	(156,453)	-	**-**
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	386,641	-	(386,641)	**-**
Statutory provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	225,522	-	-	**225,522**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	118,264	-	-	**118,264**
Total Adjustments between Revenue and Capital Resources	**886,880**	**(156,453)**	**(386,641)**	**343,786**
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	-	-	1,022,026	**1,022,026**
Capital receipt and capital grant financing swap	-	-	-	**-**
Capital receipts used to finance capital expenditure	-	8,904	-	**8,904**
Cash receipts in relation to capital debtors	-	(36,985)	-	**(36,985)**
Total Adjustments to Capital Resources	**-**	**(28,081)**	**1,022,026**	**993,945**
Total Adjustments	**(91,407)**	**(184,534)**	**635,385**	**359,444**

Authority
Adjustments between Accounting Basis and Funding Basis under Regulations

2020/21	USABLE RESERVES			
	General Fund Balance £000	Capital Receipts Reserve £000	Capital Grants Unapplied £000	Movement in Usable Reserves £000
Adjustments to Revenue Resources				
Amounts by which income and expenditure included in the CIES differ from revenue for the year calculated in accordance with statutory requirements:				
Pension Costs transferred to/(from) the Pensions Reserve	(14,298)	-	-	**(14,298)**
Financial instruments (transferred to/(from) the Financial Instruments Adjustments Account)	2,162	-	-	**2,162**
Council tax and NDR (transfers to/(from) Collection Fund Adjustment Account)	(1,664,555)	-	-	**(1,664,555)**
Holiday pay (transferred to/(from) the Accumulated Absences Reserve)	(1,162)	-	-	**(1,162)**
Reversal of entries included in the Surplus or Deficit on the Provision of Services in relation to capital expenditure (these items are charged to the Capital Adjustment Account)	(984,336)	-	-	**(984,336)**
Total Adjustments to Revenue Resources	**(2,662,189)**	**-**	**-**	**(2,662,189)**
Adjustments between Revenue and Capital Resources				
Transfer of capital grant reclaims from revenue to the Capital Receipts Reserve	324,152	(324,152)	-	**-**
Capital grants and contributions unapplied credited to the Comprehensive Income and Expenditure Statement	839,063	-	(839,063)	**-**
Statutory provision for the repayment of debt (transfer to/(from) the Capital Adjustment Account)	152,138	-	-	**152,138**
Capital expenditure financed from revenue balances (transfer to the Capital Adjustment Account)	2,871	-	-	**2,871**
Total Adjustments between Revenue and Capital Resources	**1,318,224**	**(324,152)**	**(839,063)**	**155,009**
Adjustments to Capital Resources				
Application of capital grants to finance capital expenditure	-	-	595,123	**595,123**
Capital receipt and capital grant financing swap	-	9,232	-	**9,232**
Capital receipts used to finance capital expenditure	-	339,727	-	**339,727**
Cash receipts in relation to capital debtors	-	(36,588)	-	**(36,588)**
Cash receipts in relation to deferred capital receipts	-	-	-	**-**
Total Adjustments to Capital Resources	**-**	**312,371**	**595,123**	**907,494**
Total Adjustments	**(1,343,965)**	**(11,781)**	**(243,940)**	**(1,599,686)**

10. Transfers to/from Earmarked Reserves – Authority

This note sets out the amounts set aside, by the Authority, from the General Fund in earmarked reserves to provide financing for future expenditure plans and the amounts posted back from earmarked reserves to meet General Fund expenditure in year.

	Balance at 1 April 2020	Transfers In	Transfers Out	Balance at 31 March 2021	Transfers In	Transfers Out	Balance at 31 March 2022
	£000	£000	£000	£000	£000	£000	£000
GLA Reserves							
Assembly Development & Resettlement	457	843	(40)	1,260	640	(299)	1,601
Capital Programme	51,011	5,090	(14,359)	41,742	62	(7,809)	33,995
City Hall Lease Smoothing	3,143	-	(3,143)	-	-	-	-
Compulsory Purchase Orders	1,329	-	-	1,329	-	-	1,329
COVID-19 Reserve	9,086	18,553	(27,639)	-	-	-	-
Development	1,532	962	(1,450)	1,044	1,002	-	2,046
Dilapidations	-	10,000	-	10,000	-	(3,500)	6,500
Directorate (Programme reserve)	42,877	67,903	(39,773)	71,007	11,273	(19,502)	62,777
Election	13,357	16,375	(7,911)	21,821	6,935	(22,073)	6,684
Environment Drainage	702	26	-	728	-	-	728
Estates	7,690	164	(7,022)	832	-	-	832
Interest Smoothing	-	4,953	-	4,953	9,539	-	14,492
Land Fund	-	10,028	(787)	9,241	-	(927)	8,314
London and Partners	2,245	-	-	2,245	-	-	2,245
London Green Fund Reserve	731	1,232	(1,606)	357	736	-	1,093
Major Events	15,009	10,209	(8,263)	16,955	500	(6,442)	11,013
Mayoral Resettlement	77	-	-	77	-	-	77
New Homes Bonus LEP grant reserve	2,573	106	(1,109)	1,570	-	(483)	1,087
New Museum Project	12,000	4,000	-	16,000	3,000	-	19,000
Planning Smoothing	532	698	(1,032)	199	-	-	199
Pre-Application Planning	1,942	991	(237)	2,696	-	-	2,696
Recycled Capital Grant Fund Interest reserve	-	82	-	82	62	-	144
Redundancy	-	500	(252)	248	2,000	(497)	1,751
Revenue Grants Unapplied	59,922	206,465	(188,422)	77,965	103,761	(70,251)	111,475
Right to Buy Revenue Grant	-	19,047	-	19,047	1,220	(3,287)	16,980
Sport Unites	4,512	1,918	(3,670)	2,760	-	(1,604)	1,156
The Royal Docks Enterprise Zone Reserve	3,860	2,115	-	5,975	-	(1,708)	4,267
Young Londoners Fund Reserve	27,664	35,046	(26,789)	35,921	-	(8,612)	27,309
Sub-Total	**262,250**	**417,307**	**(333,503)**	**346,054**	**140,729**	**(146,993)**	**339,789**
GLA Group Reserves							
Business Rates Reserve	126,769	1,627,253	(120,004)	1,634,018	750,275	(1,376,964)	1,007,329
Development Corporations (MDC *)	21,386	44,892	(30,573)	35,706	-	(19,119)	16,587
Strategic Investment Fund	170,889	1,607	(97,394)	75,102	-	(17,276)	57,827
Northern Line Extension Reserve	-	-	-	-	63,707	-	63,707
Transport Services funding reserve	-	-	-	-	216,900	-	216,900
LLDC Capital Funding Reserve	145,237	100,200	-	245,437	13,132	(100,000)	158,569
OPDC Flexibility Reserve				-	1,377	-	1,377
Sub-Total	**464,281**	**1,773,952**	**(247,971)**	**1,990,264**	**1,045,391**	**(1,513,359)**	**1,522,296**
Total Earmarked Reserves	**726,531**	**2,191,259**	**(581,473)**	**2,336,318**	**1,186,120**	**(1,660,352)**	**1,862,086**

The purpose of each reserve is detailed below:

GLA Reserves

The **Assembly Development and Resettlement Reserve** exists to ensure adequate funding is built up for future pay settlements, reviews and resettlement grants for the Assembly and Secretariat Directorate.

The **Capital Programme Reserve** provides a source of funding for those capital projects falling outside the programmes in housing and regeneration which are directly funded by Government grant.

The **City Hall Lease Smoothing Reserve** is used to ensure that the fixed percentage increases in the City Hall operating lease are charged to the Comprehensive Income and Expenditure Account on a straight-line basis over the lease term and to smooth the budgetary impact on the revenue account of the increase in lease payments.

The **Compulsory Purchase Orders Reserve** has been created to provide for estimated future costs related to the settlement of a number of significant programmes inherited by a statutory transfer scheme from the London Development Agency.

The **COVID-19 Reserve** exist to support COVID-19 related activities.

The **Development Reserve** exists to fund organisational change and business improvement projects.

The **Dilapidations Reserve** exists to fund repairs required at the end of the GLA tenancy lease at the current City Hall.

The **Directorate (Programme Reserve)** represents underspends on directorate and budgets carried forward to fund projects that were delayed and are due to start or be completed within the next financial year.

The **Election Reserve** exists to fund the Mayor and Assembly elections when they fall due every four years.

The **Environment Drainage Reserve** has been created to earmark the funding received from central government for the preparation of surface water management plans.

The **Estates Reserve** has been created to fund exceptional repairs and maintenance works across the GLA Estate, works undertaken at Parliament and Trafalgar Squares and the development of land and property schemes.

The **Interest Smoothing Reserve** has been created to manage fluctuations in interest receipts.

The **Land Fund Reserve** has been created to hold the fund for future revenue works required where it does not meet the conditions of the capital grant receipts from DLUHC approved under MD2396.

The **London and Partners Reserve** has been created to ensure that adequate funding is built up for future reviews of the organisation.

The **London Green Fund Reserve** exists to fund schemes that cut London's carbon emission.

The **Major Events Reserve** represents sums set aside to build up resources for future events.

The **Mayoral Resettlement Reserve** funds the resettlement grants paid to the former Mayor following the Mayoral elections.

The **New Homes Bonus LEP grant reserve** consists of New Homes Bonus grant that has been set aside to fund revenue expenditure that will be incurred by London Boroughs on regeneration schemes in future years.

The **New Museum Project Reserve** has been created to ensure adequate funding is accumulated to meet future costs relating to the proposed relocation of the Museum of London.

The **Planning Smoothing Reserve** has been created to smooth the funding of the Examination in Public of the London Plan and other planning functions.

The **Pre-Application Planning Reserve** carries forward surplus pre-application planning income to fund the running costs of the Pre-Application Planning service in future years.

The **Recycled Capital Grant Fund Interest** reserve holds interest received on unutilised capital grants that have been returned for redistribution.

The **Redundancy Reserve** has been created to fund restructuring costs.

The **Revenue Grants Unapplied Reserve** contains grants and contributions received that have no repayment conditions attached. Where expenditure has not yet been incurred this income is rolled forward and will be released when expenditure is incurred on the relevant project or initiative.

The **Right to Buy (RTB) Revenue Grant Reserve** holds grants received for expenditure towards the Mayor's Homes for Londoners: Affordable Homes Programme.

The **Sport Unites Reserve** exists to support the Mayor's community sports initiatives which are currently under development.

The **Royal Docks Enterprise Zone Reserve** manages the funding flows of the Royal Docks Programme, which is a joint initiative from the Mayor and the London Borough of Newham to develop the Royal Docks area in the east of London. The project will create jobs and new homes and promote cultural and economic development of the Docks on a local, regional and international level over the coming years.

The **Young Londoners' Fund Reserve** exists to support the Mayor's £45 million Young Londoners' Fund is helping children and young people to fulfil their potential, particularly those at risk of getting caught up in crime. It is supporting a range of education, sport, cultural and other activities for young Londoners.

GLA Group Reserves

The **Business Rates Reserve** (formerly the Resilience Reserve) has been created to manage special risks to which the GLA is exposed as a result of the timing and the potential quantum of changes to the council tax base, retained business rates income, relative collection fund shares for both council tax and business rates, and government grant settlements as well as wider volatility in those key income streams such as the timing and phasing of the repayment of collection fund deficits which have arisen in 2020/21 and 2021/22 due to pandemic related business rates reliefs. The balance held on this reserve increased in 2020/21 by just over £1.5 billion reflecting accrued grant income from DLUHC for business rates and council tax losses under the TIG scheme and for the costs of Covid-19 business rates reliefs as well as unapplied revenues received in year. There has a been a net reduction of £0.63 billion in 2021/22 primarily as a result of the drawdown of these sums in respect of 2020/21 offset by the equivalent – albeit lower – sums being accrued to meet the collection fund deficit arising from the pandemic rates relief schemes put in place for 2021/22.

The **Development Corporation Reserve** has been created to ensure that adequate contingency funding is available for unexpected costs relating to Mayoral Development Corporations.

The **Strategic Investment Fund Reserve** exists to support the Mayor's commitment to spend additional income generated from the London business rates retention pooling arrangements in 2018/19 and 2019/20 on strategic investment projects which will contribute to the sustainable growth of London's economy. This has been allocated in full to fund various strategic investment projects and is therefore due to be reduced to a nil balance as the approved funding is drawn down.

The **Northern Line Extension Reserve** (NLE reserve) manages volatility in revenues from business rates growth and developer contributions from the Battersea and Nine Elms regeneration area relating to the financing and repayment of the Authority's NLE related borrowing.

The **Transport Services Funding Reserve** (TSFR) manages the phasing of certain funds raised in business rates and council tax which have been approved by the Mayor for transport services prior to their application for this purpose.

The **LLDC Capital Funding Reserve** provides a source of funding for revenue grants to LLDC for the financing of future LLDC capital expenditure.

The **OPDC Mayoral Development Corporation (MDC) Reserve** has been created to ensure that adequate contingency funding is available for unexpected costs relating to Old Oak and Park Royal Corporation (OPDC).

11. Other Operating Expenditure

Sections 102 and 103 of the Greater London Authority Act 1999 (as amended) require the Greater London Authority to pay over to the functional bodies, their share of government grants and precepts required to fund their budget requirements, as calculated under section 85(4) to (7) of the aforementioned Act. The table below sets out the allocation of the council tax precepts and retained business rates to the functional bodies. The allocation of specific and general government grants to the functional bodies is shown in the Fund Account. Business rates payments to the Functional Bodies form part of the cost of services analysis in the CIES. It also reports on LLDC's activities in relation to the sale and holding of land and buildings as trading stock (Inventories).

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	As restated Group 2020/21 £000
Precept payable to the Functional Bodies	1,020,766	1,020,766	951,692	951,692
Fire Services	234,941	234,941	234,791	234,791
Police Services	27,900	27,900	118,988	118,988
Transport Services	2,334,230	2,334,230	2,065,809	2,065,809
Inventories -Increase/(decrease) to net realisable value (LLDC)	-	(2,159)	-	2,074
Inventories -(Gain)/loss on disposal (LLDC)	-	(6,787)	-	(29,962)
Total	**3,617,837**	**3,608,891**	**3,371,280**	**3,343,392**

12. Financing and Investment Income and Expenditure

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	As restated Group 2020/21 £000
Interest payable and similar charges	164,676	165,903	161,101	167,701
Other investment Expenditure	-	23,128	-	-
Net interest on the net defined liability	5,430	6,307	3,125	3,591
Interest receivable and similar income	(57,065)	(44,949)	(58,433)	(47,586)
Other investment Income	-	-	-	(736)
Net (gain)/loss from financial assets at fair value through profit and loss	(12,224)	(60,611)	(14,029)	(33,593)
Net (gain)/loss from financial assets at fair value through other comprehensive income	2,964	2,964	(118)	(118)
Unwinding of provision discount	-	3,065	-	1,812
Income and expenditure in relation to investment properties	-	19,393	-	2,283
Total	**103,781**	**115,200**	**91,646**	**93,354**

13. Taxation and Non-Specific Grant Income and Expenditure

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	As restated Group 2020/21 £000
Precept receivable from Council Tax payers	(1,110,132)	(1,110,132)	(993,816)	(993,816)
Non-domestic rate income	(2,538,114)	(2,538,114)	(1,635,652)	(1,635,652)
Non-domestic rate tariff payment	812,353	812,353	813,072	813,072
Non domestic rate levy and pool contribution	52,441	52,441	6,110	6,110
Business Rate Supplement - Crossrail	(210,342)	(210,343)	(163,693)	(163,694)
Community Infrastructure Levy - Crossrail	(154,836)	(154,836)	(132,069)	(132,069)
Non-ringfenced revenue government grants (see Note 16)	(814,688)	(814,688)	(1,532,614)	(1,532,614)
Capital grants and contributions (see Note 16)	(591,942)	(594,468)	(1,219,930)	(1,220,591)
Total	**(4,555,260)**	**(4,557,787)**	**(4,858,592)**	**(4,859,254)**

14. Council Tax Precepts

The CIES contains the 2021/22 council tax precept issued by the Greater London Authority on the 32 London boroughs and the City of London Corporation and the Authority's share of the actual net surplus or deficit on their collection funds in respect of Council Tax. In the Movement in Reserves Statement the 2021/22 share of the council tax net surplus or deficit on their collection funds is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the cash received in 2021/22 for the Authority's estimated share of the 2020/21 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2021 - is brought in as the amount required by statute to be credited to the General Fund. An analysis of these amounts is contained in the following table:

	2021/22 Precept Demand	2021/22 (surplus) /deficit	2021/22 Precept recognised in CIES	Share of 2020/21 Estimated (Surplus) / Deficit	2020/21 Precept Demand	2020/21 (surplus) /deficit	2020/21 Precept recognised in CIES	Share of 2019/20 Estimated (Surplus) /Deficit
	£000	£000	£000	£000	£000	£000	£000	£000
Corporation of London	(789)	(68)	(856)	(56)	(651)	(32)	(683)	(105)
Barking & Dagenham	(18,546)	(791)	(19,337)	(968)	(17,003)	(759)	(17,762)	20
Barnet	(53,856)	(148)	(54,004)	260	(49,084)	1,077	(48,008)	0
Bexley	(29,726)	1,174	(28,552)	227	(27,302)	(229)	(27,532)	(266)
Brent	(35,802)	(561)	(36,364)	773	(32,412)	1,746	(30,665)	0
Bromley	(48,013)	(1,007)	(49,019)	(777)	(43,842)	(715)	(44,557)	(1,547)
Camden	(32,048)	(232)	(32,280)	1,278	(30,783)	1,560	(29,223)	(772)
Croydon	(47,254)	(337)	(47,592)	561	(44,075)	1,057	(43,018)	(139)
Ealing	(42,598)	(145)	(42,744)	796	(38,798)	1,180	(37,618)	(331)
Enfield	(33,808)	(1,902)	(35,710)	1,175	(32,452)	(300)	(32,752)	(83)
Greenwich	(30,132)	(1,548)	(31,680)	(888)	(27,783)	(26)	(27,809)	(1,699)
Hackney	(26,198)	(80)	(26,278)	453	(24,701)	773	(23,929)	(881)
Hammersmith & Fulham	(29,431)	(141)	(29,572)	453	(26,730)	527	(26,203)	(2,222)
Haringey	(27,836)	(799)	(28,635)	(213)	(26,082)	1,017	(25,065)	(1,738)
Harrow	(31,779)	(633)	(32,412)	(60)	(29,112)	599	(28,512)	(451)
Havering	(32,090)	238	(31,853)	185	(29,515)	(21)	(29,537)	0
Hillingdon	(37,119)	157	(36,963)	308	(33,907)	833	(33,074)	11
Hounslow	(31,270)	(1,602)	(32,872)	9	(28,642)	(70)	(28,712)	(831)
Islington	(28,270)	(1,211)	(29,481)	(30)	(26,971)	562	(26,409)	(117)
Kensington & Chelsea	(35,275)	(1,055)	(36,331)	879	(32,379)	2,318	(30,061)	(921)
Kingston Upon Thames	(22,858)	(222)	(23,080)	123	(21,204)	480	(20,724)	(32)
Lambeth	(40,320)	(791)	(41,111)	(36)	(37,032)	(213)	(37,245)	(1,035)
Lewisham	(32,225)	(94)	(32,320)	437	(29,919)	1,138	(28,781)	91
Merton	(26,991)	(702)	(27,693)	249	(25,234)	378	(24,856)	(396)
Newham	(29,215)	1,104	(28,111)	940	(27,090)	1,908	(25,182)	(348)
Redbridge	(32,829)	29	(32,801)	93	(30,427)	390	(30,037)	(444)
Richmond Upon Thames	(32,179)	(56)	(32,235)	60	(29,469)	(43)	(29,512)	(270)
Southwark	(38,431)	244	(38,187)	1,114	(35,294)	784	(34,509)	(428)
Sutton	(26,335)	(710)	(27,044)	192	(24,409)	463	(23,945)	(42)
Tower Hamlets	(37,301)	629	(36,672)	860	(33,959)	675	(33,284)	158
Waltham Forest	(27,893)	(892)	(28,785)	200	(25,643)	226	(25,417)	(674)
Wandsworth	(49,481)	(1,238)	(50,719)	(401)	(44,938)	(745)	(45,683)	(1,101)
City of Westminster	(48,664)	(180)	(48,844)	(142)	(44,065)	554	(43,511)	(768)
Amounts recognised in the CIES	**(1,096,562)**	**(13,570)**	**(1,110,132)**	**8,054**	**(1,010,907)**	**17,091**	**(993,816)**	**(17,361)**

15. Non-Domestic Rates income (NDR

The CIES contains the Authority's share of 2021/22 non-domestic rates estimated collectable by the 32 London boroughs and the City of London Corporation when the 2021/22 original budget was set and the Authority's share of the actual net surplus or deficit on their collection funds in respect of non-domestic rates. In the Movement in Reserves Statement the 2021/22 share of the actual net surplus or deficit in respect of non-domestic rates is reversed from the General Fund balance and taken to the Collection Fund Adjustment account and the Authority's estimated share of the 2020/21 net surplus/deficit – based on the forecasts submitted by billing authorities in January 2021 used for budgeting purposes - is brought in as the amount required by statute to be credited to the General Fund. An analysis of the NDR income received in 2021/22 and 2020/21 is contained in the following table.:

	2021/22 NDR Income	2021/22 (Surplus) / Deficit	Share of 2020/21 Estimated (Surplus) / Deficit	2020/21 NDR Income	2020/21 (Surplus) / Deficit	Share of 2019/20 Estimated (Surplus) / Deficit
	£000	£000	£000	£000	£000	£000
Corporation of London	(23,731)	31,432	51,561	(458,687)	76,547	(10,791)
Barking & Dagenham	(42,199)	4,272	8,526	(25,012)	10,930	(1,094)
Barnet	(28,953)	3,047	27,356	(40,823)	40,137	(177)
Bexley	(48,949)	4,406	11,131	(30,255)	14,152	(1,820)
Brent	(35,808)	9,934	22,033	(45,261)	34,386	1,961
Bromley	(238,746)	11,433	21,231	(34,543)	21,224	244
Camden	(435,011)	27,515	79,254	(246,592)	87,000	(912)
Croydon	(46,228)	7,283	23,825	(45,093)	38,928	970
Ealing	(55,829)	14,688	22,075	(56,246)	28,785	(7)
Enfield	(38,747)	5,102	16,137	(41,408)	19,717	294
Greenwich	(35,217)	4,298	22,354	(39,062)	22,044	(2,967)
Hackney	(53,913)	3,304	20,441	(54,011)	24,830	389
Hammersmith & Fulham	(84,042)	14,328	47,786	(89,261)	47,927	(2,709)
Haringey	(27,302)	656	17,113	(29,992)	29,969	(2,246)
Harrow	(18,927)	5,494	10,201	(18,459)	12,252	(30)
Havering	(29,542)	6,422	17,347	(28,615)	20,377	749
Hillingdon	(136,305)	11,763	38,568	(138,284)	40,770	237
Hounslow	(68,546)	4,300	24,806	(74,775)	33,180	1,682
Islington	(109,904)	22,895	28,855	(111,515)	28,297	(3,716)
Kensington & Chelsea	(129,798)	46,357	87,836	(129,420)	105,959	(1,915)
Kingston Upon Thames	(30,596)	6,200	19,654	(30,982)	24,167	902
Lambeth	(69,002)	14,885	31,094	(67,681)	30,421	(3,150)
Lewisham	(24,519)	3,721	13,393	(23,095)	18,929	762
Merton	(33,073)	5,671	16,587	(31,457)	18,438	674
Newham	(57,405)	14,479	28,179	(60,525)	31,428	(4,010)
Redbridge	(21,582)	7,739	11,629	(21,718)	14,440	(1,040)
Richmond Upon Thames	(30,965)	8,257	19,222	(33,676)	22,068	158
Southwark	(119,163)	26,124	39,470	(115,597)	51,915	9,373
Sutton	(21,543)	3,605	11,137	(21,996)	13,542	59
Tower Hamlets	(167,275)	(17,681)	41,964	(162,866)	99,918	10,080
Waltham Forest	(23,349)	1,779	11,106	(24,825)	15,875	(336)
Wandsworth	(42,309)	12,129	25,791	(44,810)	29,083	(87)
City of Westminster	(785,662)	250,191	394,053	(889,207)	485,745	(27,386)
Amounts receivable	**(3,114,140)**	**576,028**	**1,261,715**	**(3,265,749)**	**1,593,380**	**(35,859)**

16. Grant Income

The Authority credited the following grants and contributions to the CIES.

Credited to Taxation & Non Specific Grant Income	**2021/22 £000**	**2020/21 £000**
Non-ringfenced government grants (Revenue):		
DLUHC * - S31 grant NDR reliefs	783,918	1,320,493
DLUHC - Local Tax Income Guarantee - NDR	3,374	197,815
DLUHC - Local Tax Income Guarantee - Council Tax	798	3,387
DLUHC - Council Tax Support & Losses	25,054	-
DLUHC - COVID-19	-	9,250
DLUHC - New Homes Bonus (revenue capital swap)	-	106
DLUHC - Right to Buy revenue	1,220	1,116
DLUHC - Other revenue grants	324	448
	814,688	**1,532,615**
Capital grants and contributions:		
DLUHC - Capital grants (Housing)	82,128	597,904
DLUHC - New Homes Bonus (revenue capital swap)	-	(106)
DLUHC - Local Growth Fund	-	87,766
DLUHC - East Bank	51,600	71,800
DLUHC - Housing Infrastructure Fund - Marginal Viability Funding	8,559	27,718
DLUHC - Cladding remediation grant-Social Sector	74,992	17,419
DLUHC - Cladding remediation grant-Private Sector	52,865	10,095
DLUHC - Building Safety Fund	102,898	10,831
DLUHC - Waking Watch Relief	7,113	-
DLUHC - Rough Sleeping Accommodation Programme	22,524	49,314
DOH*- Care & Support Fund	13,054	20,942
Housing Grant reclaims	147,248	322,821
London Green Fund capital receipt	9,173	-
London Boroughs contributions for Elephant & Castle roundabout	13,454	992
Other Contributions	6,334	2,434
Total	**591,942**	**1,219,930**
	1,406,630	**2,752,545**

Credited to Services	**2021/22 £000**	**2020/21 £000**
DfE * - Adult Education	345,756	321,643
DLUHC - Homelessness & Rough Sleeping	23,423	46,289
DLUHC - Domestic Abuse Duty	20,689	-
DWP* - European Social Fund	12,011	6,519
DLUHC ERDF (Specific Grant)	6,521	4,039
LB Newham - Royal Docks Enterprise Zones	4,306	1,809
DLUHC - ERDF London Homes Eff Prog	537	101
DLUHC - Move-on funding	175	1,473
Home Office	191	156
NHS * Commissioning Board	831	1,100
European Commission - Horizon 2020	273	157
Other contributions	12,995	11,201
Total	**427,708**	**394,487**

The following grants have conditions which have not yet been met and are held as creditors in the balance sheet. They will be recognised as income in future years.

Grants Receipts In Advance (Capital Grants)	**2021/22 £000**	**2020/21 £000**
DLUHC - Growing Places Fund	15,230	15,230
London Borough of Southwark-S106 Elephant & Castle	19,847	28,502
DLUHC - Housing Infrastructure Fund - Marginal Viability Funding	4,506	420
BEIS * - Green Homes	6,285	9,444
BEIS - Sustainable Warmth	40,237	-
Other grants	163	119
Housing Action Trust dowry	-	1,544
	86,268	**55,259**

Grants Receipts In Advance (Revenue Grants)	2021/22 £000	2020/21 £000
DLUHC - Rough Sleeping	7,226	-
DLUHC - Hong Kong Integration Programme	739	
BEIS - Social Housing Decarbonisation Fund	-	3,450
Other grants and contributions	345	996
	8,310	**4,446**

*DLUHC-Department for Levelling Up, Housing and Communities; DOH-Dept of Health & Social Care; DfE-Dept for Education; DWP-Dept for Works and Pensions; NHS-National Health Service; BEIS-Department for Business, Energy & Industrial Strategy

17. Elections

The table below contains a summary of the expenditure and income incurred in year for the Mayor of London and London Assembly elections in May 2021. These elections were postponed by a year in March 2020 and all costs have been met from the Election Reserves. Most of 2021/22 Election costs are made up of London Borough claims in running the 2021 Elections, this contained the cost of ensuring the elections were run in a COVID safe manner.

	2021/22 £000	2020/21 £000
Gross Income	**(395)**	**(32)**
Gross Expenditure		
Staff	261	449
Premises	1,643	343
Reimbursement of London Borough costs	14,369	388
Supplies and Services	5,760	6,763
Gross Expenditure	**22,033**	**7,943**
Net Expenditure	**21,638**	**7,911**
Net contribution to/(from) Reserves	(15,138)	8,464
Amount to be met by Grant and Taxpayer	**6,500**	**16,375**

18. Operating Leases
Authority and Group as Lessee

The Group has the following operating leases:

Greater London Authority
Leases terminated in 2021/22

- Property lease - City Hall, The Queen's Walk, London SE1 2AA which is the Authority's main headquarters – the Authority took advantage of the break option in the lease and ended the lease on 24 December 2021
- Property lease - London House, Leopold Plaza, Rue de Trône, Brussels which houses the London European Office – the Authority terminated this lease early on 28 February 2022.

New and on-going leases

- Property lease – City Hall, Kamal Chunchie Way, London E16 1ZE – following the termination of the Queen's Walk lease, the Authority moved its main headquarters to The Crystal building in the London Borough of Newham. The lease commenced on 16 November 2021 and is for a period of 25 years, with a break notice of 12 months by either party prior to the break date of 16 November 2041. There is a rent-free period of two years which commenced on 18 March 2022.
- Property lease – Union Street, London – following the termination of the Queen's Walk lease the Authority entered into a new lease with the London Fire Brigade which increased the space occupied by the Authority to all of the ground floor and part of the first floor. The Authority previously occupied part of the ground floor.
- Co-working space agreement – the London European Office entered into a licence agreement to rent 1 desk in a co-working building in Brussels. The agreement can be ended by either party with 3 months' notice. On the grounds of materiality the future payments under this licence are not included in the future lease rental table below.

London Legacy Development Corporation

- Property lease- LLDC leases office accommodation from TfL under a 3-year lease
- Waterways lease – rent payable to the Canal River Trust. This lease was revised on 1 January 2022 and will be revised annually thereafter with the amount due based on the number of existing outfalls, taking into account the number of new, abandoned or surrendered outfall in the year.

The minimum lease payments due under non-cancellable leases in future years are:

	Authority 31 March 2022 £000	Group 31 March 2022 £000	Authority 31 March 2021 £000	Group 31 March 2021 £000
Not later than one year	4,641	6,749	6,007	8,857
Later than one year and not later than five years	18,448	22,482	172	7,536
Later than five years	24,202	57,287	86	35,957
	47,291	**86,518**	**6,265**	**52,350**

The expenditure charged to the CIES during the year in relation to these leases amounted to:

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
Rent payble in year	7,683	9,007	9,477	12,639
	7,683	**9,007**	**9,477**	**12,639**

Authority and Group as Lessor

Details of some of the properties leased out as operating leases include:

GLA Land and Property Limited

- Thames Wharf – Dock Road and Scarab Close - the site is currently occupied by a number of industrial type occupiers comprising waste management, aggregate storage and a concrete batching facility
- Wick Lane, Poplar London - a 3 bedroomed semi-detached house
- North Middlesex Hospital – rented to an NHS Trust
- The Crystal Building – rented to the GLA
- Charles Street – occupied by an industrial type business and
- Royal Docks – Silvertown Dock, Albert Island, Thames Barrier Park – various properties currently occupied by a number of commercial and industrial type businesses

London Legacy Development Corporation

- London Aquatics Centre and Copper Box Arena - Greenwich Leisure Limited has been appointed as the operator of the Aquatics Centre and Copper Box Arena under a 10-year arrangement
- Stadium Island - leased to E20 Stadium LLP under a 102-year lease arrangement
- Here East - leased to iCITY (London) Limited over a 200-years lease
- Multi Storey Car Park: proportion of spaces leased to iCITY (London) Limited
- On and Off Park rentals: currently leased by a mixture of industrial and residential tenants
- Queen Elizabeth Olympic Park - various cafés and kiosks leased across the Park, including the Podium and Timber Lodge
- Chobham Manor - leased to Chobham Manor LLP for residential and business development over a 250-year lease.

The total minimum lease payments receivable under non-cancellable leases in future years are:

	Group 31 March 2022 £000	**Group 31 March 2021 £000**
Not later than one year	7,008	5,872
Later than one year and not later than five years	24,076	15,563
Later than five years	454,571	425,365
	485,655	**446,800**

The income credited to the CIES during the year in relation to these leases amounted to:

	Group 2021/22 £000	**Group 2020/21 £000**
Rent receivable in year	7,677	7,485
	7,677	**7,485**

19. Mayor and Assembly Members' remuneration and expenses

The table below shows the total amount of remuneration and expenses reclaimed by the Mayor and Assembly members during the year. The amount for travel cards is the cash value of travel cards issued during the year.

		Salary	Resettle-ment Grant	Employer Pension Contributi	Travel Card	Taxi Invoices	Taxi Expense Claims	Other Domestic Travel	Foreign Travel	Other	Total
		£		£	£	£	£	£	£	£	£
Mayor	Khan, Sadiq	151,051	-	16,308	-	-	-	936	-	28	168,323
Statutory Deputy Mayor	McCartney, Joanne	105,269	-	12,632	-	-	-	-	-	-	117,901
Current Assembly Members											
Assembly Member	Ahmad, Marina *	52,091	-	2,927	2,708	-	-	-	-	-	57,726
Assembly Member	Bailey, Shaun	58,543	-	-	2,708	-	-	-	-	-	61,251
Assembly Member	Barker, Elly *	52,091	-	6,251	2,708	-	-	-	-	-	61,050
Assembly Member	Berry, Sian	58,543	-	7,025	-	-	-	-	-	-	65,568
Assembly Member	Best, Emma *	52,091	-	-	-	-	-	-	-	-	52,091
Assembly Member	Boff, Andrew**	68,843	-	8,261	-	-	-	-	-	-	77,104
Assembly Member	Bokhari, Hina *	52,091	-	-	-	-	-	-	-	-	52,091
Assembly Member	Clarke, Anne *	52,091	-	-	2,532		-	-	-	-	54,623
Assembly Member	Cooper, Leonie	58,543	-	7,025	2,708	-	-	-	-	-	68,276
Assembly Member	Desai, Unmesh	58,543	-	7,025	-	-	-	-	-	-	65,568
Assembly Member	Devenish, Tony	58,543	-	7,025	1,480	-		-	-	-	67,048
Assembly Member	Duvall, Len	58,543	-	7,025	2,708	-	358	-	-	-	68,634
Assembly Member	Fortune, Peter *	52,091	-	5,854	2,708	-	-	-	-	-	60,653
Assembly Member	Garratt, Neil *	52,091	-	6,251	-	-	-	-	-	-	58,342
Assembly Member	Hall, Susan	58,543	-	7,025	-	-	-	-	-	-	65,568
Assembly Member	Hirani, Krupesh *	52,091	-	6,251	2,708		-	-	-	-	61,050
Assembly Member	Moema, Sem *	52,091	-	6,251	2,708	-	-	-	-	-	61,050
Assembly Member	Pidgeon, Caroline	58,543	-	7,025	-	-	-	-	-	-	65,568
Assembly Member	Polanski, Zack *	52,091	-	5,269	-	-	-	-	-	-	57,360
Assembly Member	Prince, Keith	58,543	-	7,025	-	-	-	-	-	-	65,568
Assembly Member	Rogers, Nicholas *	52,091	-	5,854	2,708	-	-	-	-	-	60,653
Assembly Member	Russell, Caroline	58,543	-	7,025	-		-	-	-	-	65,568
Assembly Member	Sahota, Onkar	58,543	-	-	-		-	-	-	-	58,543
Assembly Member	Sheikh, Sakina *	52,091	-	-	2,708		-	-	-	-	54,799
Former Assembly Members ***											
Assembly Member	Arbour, Tony	6,452	31,848	-	-	-	-	-	-	-	38,300
Assembly Member	Arnold, Jennette	6,452	32,192	774	-	-	-	-	-	-	39,418
Assembly Member	Bacon, Gareth	2,151	-	258	-	-	-	-	-	-	2,409
Assembly Member	Dismore, Andrew	6,452	29,272	774	-	-	-	-	-	-	36,498
Assembly Member	Eshalomi, Florence	1,626	-	195	-	-	-	-	-	-	1,821
Assembly Member	Gavron, Nicky	6,452	-	-	-	-	-	-	-	-	6,452
Assembly Member	Kurten, David	6,452	29,272	774	-	-	-	-	-	-	36,498
Assembly Member	Moore, Alison	6,452	29,272	774	-	-	-	-	-	-	36,498
Assembly Member	O'Connell, Stephen	6,452	49,176	774	-	-	-	-	-	-	56,402
Assembly Member	Qureshi, Murad	6,452	29,272	774	-	-	-	-	-	-	36,498
Assembly Member	Shah, Navin	7,740	35,113	929	-	-	-	-	-	-	43,782
Assembly Member	Whittle, Peter	6,452	29,272	774	-	-	-	-	-	-	36,498
Total 2021/22		**1,663,813**	**294,689**	**152,134**	**31,092**	**-**	**358**	**936**	**-**	**28**	**2,143,050**
Total 2020/21		**1,585,204**	**-**	**144,755**	**19,360**	**3,072**	**14**	**-**	**-**	**-**	**1,752,405**

* Assembly Members start from 11/5/2021 ** Chair of the London Assembly during 2021/22 *** Former Assembly Members left on 10/05/2021

20. Senior Officers' Remuneration

The remuneration paid to the Authority's senior employees is as follows:

2021/22

Post	Name of Post Holder	Salary (Including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
GLA Staff		£	£	£	£
Chief Officer	Mary Harpley	193,800	-	25,656	**219,456**
Executive Director of Resources	David Gallie	130,000	-	15,600	**145,600**
Executive Director of Secretariat (from 22/11/2021)	Helen Ewen	41,925	-	5,031	**46,956**
Executive Director of Good Growth	Philip Graham	129,522	-	15,600	**145,122**
Executive Director of Housing and Land	Rickardo Hyatt	130,000	-	15,600	**145,600**
Executive Director of Strategy and Communications (from 01/06/21) Note 1	Niranjeet Mothada	140,726	-	13,000	**153,726**
Executive Director Communities and Skills (Job Share) (Up to 31/12/21)	Halima Khan	58,500	-	7,020	**65,520**
Executive Director Communities and Skills (Job Share) (Up to 31/12/21)	Sarah Mulley	58,500	-	7,020	**65,520**
Assistant Director of Human Resources & Organisational Development (from 28/02/22)	Shakira Keddo	9,700	-	1,164	**10,864**
Former GLA Staff					
Executive Director of Secretariat (up to 23/04/21)	Ed Williams	12,971	69,998	1,073	**84,042**
Interim Executive Director of Secretariat (Agency - from 06/05/21 to 19/11/21) Note 2	Joanna Davidson	98,142			**98,142**
Interim Executive Director Communities and Skills (Agency - from 13/12/21 to 26/03/22) Note 2	Joanna Davidson	77,147			**77,147**
Assistant Director of Human Resources & Organisational Development (up to 24/09/21)	Charmaine De Souza	57,537	-	7,074	**64,610**
Interim Assistant Director of Human Resources & Organisational Development (Secondment - from 27/09/21 to 27/02/22) Note 3	Raj Bhamber	112,798	-	-	**112,798**

Mayoral Team

Statutory Deputy Mayor/Deputy Mayor, Education and Childcare	Joanne McCartney	See note 19			
Chief of Staff	David Bellamy	140,466	-	16,799	**157,264**
Deputy Chief of Staff (from 11/5/2021)	Richard Watts	113,605	-	13,633	**127,238**
Deputy Mayor for Business	Rajesh Agrawal	133,142	-	15,920	**149,061**
Deputy Mayor for Housing and Residential Development	Tom Copley	132,664	-	15,920	**148,584**
Deputy Mayor for Planning, Regeneration and Skills	Jules Pipe	132,664	-	15,920	**148,584**
Deputy Mayor for Environment and Energy	Shirley Rodrigues	132,664	-	15,919	**148,583**
Deputy Mayor for Communities and Social Justice	Debbie Weekes-Bernard	132,664	-	15,920	**148,584**
Deputy Mayor for Transport (from 04/01/22)	Seb Dance	33,166	-	3,980	**37,146**
Deputy Mayor for Culture and the Creative Industries	Justine Simons	132,664	-	15,920	**148,584**
Deputy Mayor for Fire and Resilience	Fiona Twycross	132,664	-	15,920	**148,584**
Mayoral Director, Communications (from 11/05/21)	Sarah Brown	113,320	-	13,598	**126,919**
Mayoral Director, Operations (from 11/05/21)	Ali Picton	111,333	-	13,360	**124,693**
Mayoral Director, Political and Public Affairs (from 11/05/21)	Felicity Appleby	99,999	-	12,000	**111,999**
Deputy Mayor for Policing and Crime	Sophie Linden	Remuneration paid by the Mayor's Office for Policing and Crime			

Former Mayoral Team

Mayoral Director, Policy (up to 10/05/21)	Nick Bowes	20,829	59,633	1,577	**82,040**
Mayoral Director, Communications (up to 10/05/21)	Patrick Hennessy	21,753	63,679	1,684	**87,116**
Mayoral Director, External and International Affairs (up to 10/05/21)	Leah Kreitzman	18,313	71,984	1,577	**91,875**
Deputy Mayor for Transport (up to 31/12/21)	Heidi Alexander	99,498	-	11,940	**111,438**

Note 1: Postholder became GLA staff from 1 June 2021. The amount reported including the fee charged by DEFRA for her Secondment to the post which ended 31 May 2021.

Note 2: Postholder was agency staff

Note 3: On secondment from NHS England & Improvement. The amount reported is the fee charged by NHS.

2020/21

Post	Name of Post Holder	Salary (Including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
GLA Staff		£	£	£	£
Chief Officer	Mary Harpley	193,800	-	23,256	**217,056**
Executive Director of Resources	David Gallie	130,000	-	15,600	**145,600**
Executive Director of Secretariat	Ed Williams	139,988	-	16,799	**156,787**
Executive Director of Good Growth	Philip Graham	130,478	-	15,600	**146,078**
Executive Director Communities and Skills (Job Share)	Halima Khan	82,333	-	9,880	**92,213**
Executive Director Communities and Skills (Job Share)	Sarah Mulley	82,333	-	9,880	**92,213**
Executive Director of Housing and Land (from 01/01/2021) Note 1	Rickardo Hyatt	147,528	-	17,703	**165,231**
Assistant Director of Human Resources & Organisational Development	Charmaine De Souza	119,266	-	14,312	**133,578**

Post	Name of Post Holder	Salary (Including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
Inward Secondee					
Executive Director of Strategy and Communications Note 2	Niranjeet Mothada	178,670	-	-	**178,670**

Post	Name of Post Holder	Salary (Including fees and allowances)	Compensation for loss of office	Employer Pension Contributions	Total Remuneration including pension contributions
Mayoral Team					
Statutory Deputy Mayor /Deputy Mayor, Education and Childcare	Joanne McCartney		See note 19		
Chief of Staff	David Bellamy	140,227	-	16,799	**157,026**
Deputy Mayor for Business	Rajesh Agrawal	132,664	-	15,920	**148,584**
Deputy Mayor for Housing and Residential Development	Tom Copley	132,664	-	15,920	**148,584**
Deputy Mayor for Planning, Regeneration and Skills	Jules Pipe	132,664	-	15,920	**148,584**
Deputy Mayor for Environment and Energy	Shirley Rodrigues	132,664	-	15,920	**148,584**
Deputy Mayor for Social Integration, Social Mobility and Community Engagement	Debbie Weekes-Bernard	132,664	-	15,920	**148,584**
Deputy Mayor for Transport	Heidi Alexander	132,664	-	15,920	**148,584**
Deputy Mayor for Culture and the Creative Industries	Justine Simons	132,664	-	15,920	**148,584**
Deputy Mayor for Fire and Resilience	Fiona Twycross	132,664	-	15,920	**148,584**
Mayoral Director, Policy	Nick Bowes	120,100	-	14,312	**134,412**
Mayoral Director, Communications	Patrick Hennessy	127,357	-	15,283	**142,640**
Mayoral Director, External and International Affairs	Leah Kreitzman	119,266	-	14,312	**133,578**
Mayoral Director, Political and Public Affairs (up to 19/03/2021)	Jack Stenner	108,437	59,633	12,658	**180,728**
Deputy Mayor for Policing and Crime	Sophie Linden	Remuneration paid by the Mayor's Office for Policing and Crime			

Note 1: Full year salary includes previous post as Interim Executive Director of Housing and Land

Note 2: The amount reported is the fee charged by DEFRA and includes employer NI and pension

Mayoral Team (2020/21)

The London Mayor and Assembly elections were held on 6 May 2021. The employment contracts of all Mayoral Appointees terminate by operation of law (section 67(4) of the GLA Act) at the end of the Mayor's term of office. Prior to 31 March 2021, the Authority entered into settlement agreements with Mayoral Appointees, under which the Authority agreed to pay each of the Mayoral Appointees a termination payment in full and final settlement of all claims they may have arising from their employment and/or its termination.

These agreements created a constructive obligation at 31 March 2021, but whether the payments were actually made was contingent on the election results in May 2021 and decisions taken by the Mayor to re-appoint and current post holders accepting re-appointment.

One Mayoral Appointee's contract was terminated prior to 31 March 2021 to realise a saving ahead of the Mayoral elections and this termination payment is reported in the table above. Subsequent to the 6 May 2021 elections, three Mayoral Appointee's contracts were not renewed and costs totalling £204k were paid under the settlement agreements.

The Authority's other employees receiving more than £50,000 remuneration for the year (excluding employer's pension contributions) were paid the following amounts:

	2021/22	2020/21
Remuneration Band	**Number of Employees**	**Number of Employees**
£		
50,000 - 54,999	158	159
55,000 - 59,999	131	127
60,000 - 64,999	71	72
65,000 - 69,999	20	12
70,000 - 74,999	32	39
75,000 - 79,999	31	24
80,000 - 84,999	16	12
85,000 - 89,999	17	18
90,000 - 94,999	17	15
95,000 - 99,999	3	1
100,000 - 104,999	2	1
105,000 - 109,999	3	1
110,000 - 114,999	6	2
115,000 - 119,999	2	5
120,000 - 124,999	3	-
125,000 - 129,999	-	2
130,000 - 134,999	4	2
135,000 - 139,999	-	1
140,000 - 144,999	-	-
145,000 - 149,999	-	-
150,000 - 154,999	1	1
	517	**494**

Termination Benefits

The table below details the number and cost of compulsory and voluntary severances packages agreed during the year for staff.

Exit package cost band	**Number of compulsory redundancies**		**Number of other departures agreed**		**Total number of exit packages by cost band**		**Total cost of exit packages in each band**	
(including special payments)	**2021/2022**	**2020/2021**	**2021/2022**	**2020/2021**	**2021/2022**	**2020/2021**	**2021/2022 £**	**2020/2021 £**
£0 - £20,000	4	-	10	4	14	4	120,320	23,252
£20,001 - £40,000	-	-	2	2	2	2	61,625	53,128
£40,001 - £60,000	1	-	2	-	3	-	147,893	-
£60,001 - £80,000	-	-	1	1	1	1	60,282	76,608
£80,001 - £100,000	-	-	-	-	-	-	-	-
£100,001 - £150,000	-	-	1	1	1	1	114,303	111,886
£150,000+	-	-	-	-	-	-	-	-
Total amount included in the CIES	**5**	**-**	**16**	**8**	**21**	**8**	**504,423**	**264,874**

21. Pensions

As part of the terms and conditions of employment of its elected members, officers and other employees, the Group makes contributions towards the cost of post-employment benefits. Although these benefits will not actually be payable until employees retire, the group has a commitment to make the payments that needs to be disclosed at the time the employees earn their future entitlement.

Local Government Pension Scheme

The LGPS, administered by the London Pensions Fund Authority, is a defined benefit statutory scheme - from 1 April 2014 the LGPS became a career average revalued earnings scheme (benefits built up to 31 March 2014 are protected under the final salary scheme) - meaning that the GLA, OPDC and LLDC employees and elected officers pay contributions into a fund, calculated at a level intended to balance the pensions liabilities with investment assets.

The employer contributions payable to the London Pension Fund Authority are paid in at a percentage of employees' pensionable earnings. The contribution rate is determined by the pension fund's actuary based on triennial actuarial valuations, the 31 March 2019 actuarial valuation set the Authority's employer contribution rate for the period 1 April 2020 to 31 March 2023.

Under pension regulations, contribution rates are set to meet 100% of the overall liabilities of the Fund. The value of in-year employer contribution and the applicable contribution rates are set out in the table below.

	2021/22	2020/21	Contribution rate for period 1 April 2020 to 31 March 2023	Contribution rate for period 1 April 2017 to 31 March 2020
	£m	£m	%	%
GLA	7.0	6.8	12	12
OPDC	0.3	0.3	12	12
LLDC	1.2	1.2	12	12

Transactions Relating to Post-Employment Benefits

The cost of retirement benefits is recognised in the reported cost of services when they are earned by employees, rather than when the benefits are eventually paid as pensions. However, the charge made against council tax is based on the cash payable in the year, so the real cost of post-employment/retirement benefits is reversed out of the General Fund via the Movement in Reserves Statement. The following transactions have been made in the CIES and the General Fund Balance via the Movement in Reserves Statement during the year:

	2021/22	2021/22	2020/21	2020/21
Cost of Retirement Benefits	**Authority £000**	**Group £000**	**Authority £000**	**Group £000**
Comprehensive Income and Expenditure Statement				
Cost of Services				
Current service costs	35,254	41,753	17,626	21,186
Administration Fee	422	467	347	382
(Gain)/loss from settlements	257	257	0	-
	35,933	**42,477**	**17,973**	**21,568**
Financing and Investment Income and Expenditure				
Net Interest Expense	5,430	6,307	3,125	3,590
Total Post-employment Benefit charged to the Surplus or Deficit on the Provision of Services	**41,363**	**48,784**	**21,098**	**25,158**
Other Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement				
Remeasurement of the net defined benefit liability comprising:				
Return on plan assets (excluding the amount included in the net interest expense)	(44,948)	(49,588)	(44,426)	(48,240)
Actuarial (gains)/losses arising on changes in financial assumptions	(44,973)	(51,546)	165,180	190,360
Actuarial (gains)/losses arising on changes in demographic assumptions	-	-	(4,213)	(4,724)
Experience (gains)/losses on defined benefit obligation	1,293	1,507	(5,002)	(5,576)
Deferred tax asset on the net defined benefit liability	-	16,969	-	-
Other actuarial (gains)/losses on assets	-	-	-	(16)
Total Post-employment Benefit charged to the Comprehensive Income and Expenditure Statement	**(47,265)**	**(33,874)**	**132,637**	**156,962**
Movement in Reserves Statement				
Reversal of net charges made to the Surplus or Deficit on the Provision of Services for post-employment benefits in accordance with the Code	**(41,363)**	**(48,784)**	**(21,098)**	**(25,158)**
Actual amount charged against the General Fund Balance for pensions in the year				
Employers' contributions payable to the Local Government Pension Scheme	**6,966**	**8,507**	**6,284**	**7,727**

Pensions Asset and Liabilities recognised in the Balance Sheet

The amount included in the Balance Sheet arising from the GLA's, OPDC's and LLDC's obligation in respect of their defined benefit plans is as follows:

	2021/22 Authority £000	2021/22 Group £000	2020/21 Authority £000	2020/21 Group £000
Present value of the defined benefit obligation	(589,679)	(670,303)	(586,452)	(664,498)
Fair Value of scheme assets (bid value)	381,720	423,963	324,262	358,808
Deferred tax asset on the defined benefit obligation	-	(10,375)	-	7,015
Net liability arising from defined benefit obligation	**(207,959)**	**(256,715)**	**(262,190)**	**(298,675)**

Reconciliation of fair value of the scheme (plan) assets:

	2021/22 Authority £000	2021/22 Group £000	2020/21 Authority £000	2020/21 Group £000
Opening fair value of scheme assets	**324,262**	**358,808**	**266,753**	**293,731**
Interest Income	5,954	6,686	6,351	7,020
Remeasurement gain/(loss):				
Return on plan assets less interest	44,948	49,588	44,426	48,240
Administration expenses	(422)	(467)	(347)	(382)
Other actuarial gains/(losses)	-	-	-	16
Contributions from employer	6,966	8,507	6,800	8,243
Contributions from employees into the scheme	4,889	6,030	4,678	5,747
Benefits paid	(4,877)	(5,189)	(4,399)	(3,807)
Closing fair value of scheme assets	**381,720**	**423,963**	**324,262**	**358,808**

Reconciliation of present value of the scheme liabilities (defined benefit obligation)

	2021/22 Authority £000	2021/22 Group £000	2020/21 Authority £000	2020/21 Group £000
Opening balance at 1 April	**(586,452)**	**(664,498)**	**(403,106)**	**(450,702)**
Current service cost	(35,254)	(41,753)	(17,626)	(21,186)
Interest cost	(11,384)	(12,993)	(9,476)	(10,610)
Contributions from scheme participants	(4,889)	(6,030)	(4,678)	(5,747)
Remeasurement gains and (losses):				
Actuarial gains/(losses) arising from changes in demographic assumptions	-	-	4,213	4,724
Actuarial gains/(losses) arising from changes in financial assumptions	44,973	51,546	(165,180)	(190,360)
Experience gains/(loss) on defined benefit obligation	(1,293)	(1,507)	5,002	5,576
Past service costs, including curtailments	(257)	(257)	-	-
Estimated benefits paid net of transfers in	4,877	5,189	4,399	3,807
Closing balance at 31 March	**(589,679)**	**(670,303)**	**(586,452)**	**(664,498)**

Local Government Pension Scheme assets comprised (Bid value):

Authority	%	2021/22 Authority Quoted Prices £000	%	2021/22 Authority Unquoted Prices £000	2021/22 Total £000	2020/21 Authority Quoted Prices £000	2020/21 Authority Unquoted Prices £000	2020/21 Total £000
Equities								
Segregated:								
Real Estate	*0.9%*	3,283	*0.0%*	-	3,283	2,918	-	2,918
Consumer	*11.9%*	45,577	*0.0%*	-	45,577	33,723	-	33,723
Energy	*0.3%*	1,221	*0.0%*	-	1,221	649	-	649
Financials	*6.3%*	23,896	*0.0%*	-	23,896	16,213	-	16,213
Health Care	*3.5%*	13,436	*0.0%*	-	13,436	10,701	-	10,701
Industrial	*5.8%*	21,949	*0.0%*	-	21,949	16,537	-	16,537
Technology	*12.6%*	48,097	*0.0%*	-	48,097	29,832	-	29,832
Materials	*1.5%*	5,611	*0.0%*	-	5,611	4,215	-	4,215
Communications	*2.3%*	8,932	*0.0%*	-	8,932	8,431	-	8,431
Utilities	*0.4%*	1,336	*0.0%*	-	1,336	2,918	-	2,918
Fixed Income & Other	*0.1%*	229			229	-		
Trade Cash/Pending	2.5%	9,467	0.0%		9,467	6,161		6,161
Synthetic Equity	0.0%	-	0.0%		-	3,891		3,891
Private Equity	0.0%	-	9.0%	34,278	34,278	-	27,562	27,562
					-			
Fixed Income	2.8%	10,574	0.0%	-	10,574	13,619	-	13,619
Total Return					-			
Investment/Hedge funds and Unit trusts	10.6%	40,539	0.0%	-	40,539	35,993	-	35,993
					-			
Credit	0.0%	-	8.1%	30,958	30,958	-	26,265	26,265
Infrastructure	0.0%	-	10.2%	38,897	38,897	-	26,914	26,914
Property Fund/Real Estate	0.0%	-	9.0%	34,240	34,240	-	29,508	29,508
					-			
Cash					-			
Cash at bank	2.3%	8,818	0.0%	-	8,818	4,540	-	4,540
LDI	0.3%	1,107	0.0%	-	1,107	20,429	-	20,429
Currency (forward contracts)	0.0%	-	-0.2%	(763)	(763)	-	3,243	3,243
					-			
BlackRock DDG	0.0%	38		-	38	-	-	-
Total	**64.0%**	**244,110**	**36.0%**	**137,610**	**381,720**	**210,770**	**113,492**	**324,262**

Local Government Pension Scheme assets comprised (Bid Value):

Group	2021/22 Group Quoted Prices £000	2021/22 Group Unquoted Prices £000	2021/22 Total £000	2020/21 Group Quoted Prices £000	2020/21 Group Unquoted Prices £000	2020/21 Total £000
Equities						
Seggregated:						
Real Estate	3,646	-	3,646	3,230	-	3,230
Consumer	50,621	-	50,621	37,316	-	37,316
Energy	1,357	-	1,357	718	-	718
Financials	26,540	-	26,540	17,940	-	17,940
Health Care	14,924	-	14,924	11,841	-	11,841
Industrial	24,378	-	24,378	18,300	-	18,300
Technology	53,419	-	53,419	33,010	-	33,010
Materials	6,232	-	6,232	4,665	-	4,665
Communications	9,921	-	9,921	9,329	-	9,329
Utilities	1,484	-	1,484	3,230	-	3,230
Fixed Income & Other	254	-	254	-	-	-
Trade Cash/Pending	10,514	-	10,514	6,818	-	6,818
Synthetic Equity	-	-	-	4,306	-	4,306
Private Equity	-	38,072	38,072	-	30,499	30,499
Fixed Income	11,744	-	11,744	15,070	-	15,070
Total Return						
Investment/Hedge funds and Unit trusts	45,025	-	45,025	39,827	-	39,827
Credit	-	34,383	34,383	-	29,064	29,064
Infrastructure	-	43,202	43,202	-	29,781	29,781
Property Fund/Real Estate	-	38,030	38,030	-	32,651	32,651
Cash						
Cash at bank	9,794	-	9,794	5,023	-	5,023
LDI	1,229	-	1,229	22,604	-	22,604
Currency (forward contracts)	-	(848)	(848)	-	3,588	3,588
BlackRock DDG	42	-	42			
Total	**271,124**	**152,839**	**423,963**	**233,225**	**125,583**	**358,808**

Basis for Estimating Assets and Liabilities

Liabilities have been assessed on an actuarial basis using the projected unit method, an estimate of the pensions that will be payable in future years dependent on assumptions about mortality rates, salary levels etc. The London Pensions Fund Authority's Local Government Pension Scheme has been assessed by Barnett Waddingham, an independent firm of actuaries, estimates of the London Pensions Fund Authority's fund being based on the latest full valuation of the scheme as at 31 March 2019.

The pension increase has been calculated using the Consumer Price Index (CPI) rather than the Retail Price Index (RPI).

The principal assumptions used by the actuary in their calculations have been:

	2021/22 Authority	2021/22 Group	2020/21 Authority	2020/21 Group
Expected return on assets	2.60%	2.55%-2.60%	2.05%	2.05%
Mortality Assumptions				
Longevity at 65 for current pensioners				
Men	22.8	22.4 - 22.9	22.8	22.4 - 22.8
Women	24.9	24.5-24.9	24.8	24.4-24.8
Longevity at 65 for future pensioners				
Men	23.7	23.7 - 24.0	23.6	23.6 - 23.9
Women	26.0	26.0 - 26.2	25.9	25.9 - 26.1
Rate of inflation - RPI*	*No longer disclosed		3.15%	3.05% -3.15%
Rate of inflation - CPI	3.15%	3.05% - 3.15%	2.85%	2.80% - 2.85%
Rate of increase in salaries	4.15%	4.05% -4.15%	3.85%	3.80% - 3.85%
Rate of increase in pensions	3.15%	3.05% - 3.15%	2.85%	2.80% - 2.85%
Rate for discounting scheme liabilities	2.60%	2.55%-2.60%	2.05%	2.05%

The return on the fund (on a bid value to bid value basis) for the year to 31 March 2022 is estimated to be 15.54%, the actual return on fund assets may be different.

* Benefits in the LGPS Is increased in line with CPI therefore RPI inflation figure is no longer shown.

Sensitivity Analysis

The following table sets out the impact of a small change in the key assumptions on the defined benefit obligation.

	Increase in Assumption £000	Actual £000	Decrease in Assumption £000
Rate for discounting scheme liabilities (increase or decrease by 0.1%)			
Greater London Authority	(575,049)	(589,679)	(604,696)
Old Oak and Park Royal Development Corporation	(10,576)	(10,939)	(11,315)
London Legacy Development Corporation	(67,693)	(69,685)	(71,737)
GLA Group	**(653,318)**	**(670,303)**	**(687,748)**
Rate of increase in salaries (increase or decrease by 0.1%)			
Greater London Authority	(590,746)	(589,679)	(588,624)
Old Oak and Park Royal Development Corporation	(10,962)	(10,939)	(10,916)
London Legacy Development Corporation	(69,835)	(69,685)	(69,537)
GLA Group	**(671,543)**	**(670,303)**	**(669,077)**
Rate of increase in pensions (increase or decrease by 0.1%)			
Greater London Authority	(603,534)	(589,679)	(576,167)
Old Oak and Park Royal Development Corporation	(11,290)	(10,939)	(10,600)
London Legacy Development Corporation	(71,575)	(69,685)	(67,849)
GLA Group	**(686,399)**	**(670,303)**	**(654,616)**
Longevity (increase or decrease in 1 year)			
Greater London Authority	(612,392)	(589,679)	(567,816)
Old Oak and Park Royal Development Corporation	(11,335)	(10,939)	(10,557)
London Legacy Development Corporation	(72,215)	(69,685)	(67,244)
GLA Group	**(695,942)**	**(670,303)**	**(645,617)**

Impact on future cash flows

The objectives of the scheme are to keep employers' contributions at as constant a rate as possible. The latest triennial valuation has set the annual employer's contribution at 12% until 31 March 2023. Funding levels are monitored on an annual basis. The triennial valuation which sets the employer contribution rated for 2023/24 to 2025/26 was completed on 31 March 2022.

The total contributions expected to be made to the Local Government Pension Scheme by the Group in the year to 31 March 2023 is £8.6m.

The weighted average duration of the defined benefit obligation for scheme members is 26 years (26 years 2020/21).

Greater London Authority AVIVA master trust scheme

The Greater London Authority AVIVA master trust scheme is a defined contribution scheme open to the Mayor and Assembly Members.

Employer contributions are payable at 12% of pensionable pay. A total of £0.15m employer contributions were paid in 2021/22 (£0.14m for 2020/21).

Homes and Communities Agency Pension Scheme

LLDC has one member of staff in the Homes and Communities Agency Pension Scheme, the scheme has been accounted for as if it were a defined contribution plan. The Homes and Communities Agency Pension Scheme is exempt from defined benefit accounting as the pension scheme exposes participating entities to actuarial risks associated with the current and former employees of other entities, with the result that there is no consistent and reliable basis for allocating the obligation, plan assets and cost to individual entities participating in the pension scheme.

Contributions are accounted for in operating costs and amount to £0.04m (2020/21 - £0.03m).

22. External Audit Costs

The Authority and Group have incurred the following costs in relation to the audit of the Statement of Accounts for services provided by external auditors.

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
Fees payable to external auditors with regard to external audit services carried out by the appointed auditor	175	564	342	599
	175	**564**	**342**	**599**

The £175k Authority audit fee figure in the table above represents the £220k planned fee for 2021/22 which includes an additional fee proposed by our auditors, EY, for increased regulatory focus and change of scope, offset by a £45k reduction to the 2019/20 audit fee post Public Sector Audit Appointments (PSAA) review. An additional fee of £112,389 for 2020/21 was approved by PSAA meaning that the final approved 2020/21 audit fee for the Authority was £196,704. Additional fees above the set scale fee are subject to approval by the PSAA. At the date of authorisation of these accounts, the 2021/22 additional fee has not been agreed and approved.

23. Agency arrangements

The GLA is the designated Intermediate Body (IB) for the management and administration of the European Regional Development Fund (ERDF) programmes in London and carries out the function on behalf of DLUHC under Article 123 of EC Regulation 1303/2013. In carrying out this function, the GLA acts as DLUHC's agent, making funding decisions and entering into contracts on behalf of DLUHC.

London Green Fund (LGF) (formerly JESSICA Holding Fund London)

The Joint European Support for Sustainable Investment in City Area (JESSICA) is a policy initiative of the European Commission, supported by the European Investment Bank (EIB), and designed to help the authorities in the Member States of the European Union to exploit financial engineering mechanisms to support investment in sustainable urban development in the context of the cohesion policy. Under this programme, Managing Authorities (DLUHC for England) are allowed to use some of their Structural Funds, principally those supported by the ERDF to invest in Urban Development Funds to accelerate investment in urban areas.

For the London region, DLUHC's ERDF investment has been matched funded by the London Waste and Recycling Board (LWARB) and the London Development Agency (LDA). In October 2009, the LDA, LWARB and the EIB signed a funding agreement for the purpose of establishing the JESSICA Holding Fund, also known as the London Green Fund. On 1 July 2011, when the operational responsibilities for the ERDF transferred to the GLA, the responsibility for DLUHC's ERDF contribution transferred also.

At 31 March 2022, £110m has been invested and comprises £60m of ERDF, £18m of LWARB and £32m of GLA (formerly LDA) funds. The LGF provides funding for three urban development funds that invest directly in waste, energy efficiency, decentralised energy and social housing programmes.

The Authority manages the fund on behalf of itself, LWARB and the ERDF (EU Commission). During the year, the Authority received £9.9m (£1.9m in 2020/21) in interest on the balances invested and part payment of the original investment, net of fund manager fees; at 31 March 2022 the Authority is holding ERDF cash of £24.3m (£10.2m at 31 March 2021), as a creditor on behalf of the DLUHC.

Mayor of London's Energy Efficiency Fund (MEEF)

The Mayor of London's Energy Efficiency Fund (MEEF) is a low carbon infrastructure fund providing repayable finance to viable projects across London. The Authority, in its role as Intermediate Body and DLUHC's agent, committed £51.2m of European Regional Development Fund (ERDF) funding to the MEEF (MD2165 and MD2597 (the latter referred to up to £10.7m ERDF)) and on 29 June 2018 was admitted as a limited partner in the MEEF Limited Partnership. MD2865 (October 2021) awarded an additional up to £30.2m London Green Fund returns.

The ERDF funding will be paid directly from DLUHC to Amber Infrastructure Limited and will be invested through the MEEF. Returns related to ERDF funding will be held as a creditor in the balance sheet

24. Mayor's Community Infrastructure Levy (MCIL)

In 2012, the Mayor agreed his MCIL charging schedule to be applied to developments consented on or after 1 April 2012 and was collected by London boroughs once development commences.

The setting of a London-wide Community Infrastructure Levy is a power given to the Mayor under the Planning Act 2008 designed to raise money for the infrastructure needed to develop an area.

The Levy was charged on most developments in London at the following rates, which were subject to annual indexation, in line with the Tender Price Index:

Zone 1 boroughs - £50 per square metre
Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth

Zone 2 boroughs - £35 per square metre
Barnet, Brent, Bromley, Ealing, Greenwich, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets

Zone 3 boroughs - £20 per square metre
Barking and Dagenham, Bexley, Croydon, Enfield, Havering, Newham, Sutton, Waltham Forest

Mayor's Community Infrastructure Levy 2 (MCIL2)
On 1 April 2019, following successfully passing an Examination in Public, MCIL2 replaced MCIL and the Crossrail Section 106 charge on office, retail and hotel development in certain parts of London. The MCIL2 rates will apply to all planning permissions granted from 1 April 2019 and may also apply to some phased planning permissions granted before the 1 April 2019.

The new MCIL2 charges, which will also be subject to annual indexation, are as follows:

Zone 1 boroughs - £80 per square metre
Camden, City of London, City of Westminster, Hammersmith and Fulham, Islington, Kensington and Chelsea, Richmond-upon-Thames, Wandsworth

Zone 2 boroughs - £60 per square metre
Barnet, Brent, Bromley, Ealing, Enfield, Hackney, Haringey, Harrow, Hillingdon, Hounslow, Kingston upon Thames, Lambeth, Lewisham, Merton, Redbridge, Southwark, Tower Hamlets, Waltham Forest, London Legacy Development Corporation (LLDC), Old Oak and Park Royal Development Corporation (OPDC)

Zone 3 boroughs - £25 per square metre
Barking and Dagenham, Bexley, Croydon, Greenwich, Havering, Newham, Sutton

MCIL2 charging rates for office, retail and hotel in Central London and Isle of Dogs:
Office - £185 per square metre
Retail - £165 per square metre
Hotel - £140 per square metre

From 2019/20 the GLA has been permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019) to apply MCIL for capital financing purposes for Crossrail. The Community Infrastructure Levy (Amendment) (England) Regulations 2021 laid before Parliament in March 2021 following the November 2020 Crossrail funding deal permit the Mayor to apply MCIL and MCIL2 revenues to finance and repay the GLA's Crossrail debt up to 31 March 2043.

MCIL has raised £146.4m in 2021/22 (£122.8m in 2020/21), after allowable collection and administration costs and a provision for non-collection with all money being directed towards financing the GLA's contributions towards Crossrail. This reduction in MCIL revenues receives reflects the impact of delays to construction projects in London due to the pandemic and the associated national lockdowns during 2020/21.

25. Property, Plant and Equipment

	Group 2021/22				As restated Group 2020/21			
	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000	Land and Buildings £000	Vehicles, Plant, Furniture & Equipment £000	Assets Under Construction £000	Total Property, Plant and Equipment £000
Cost or Valuation								
Balances at 31 March	**23,871**	**27,924**	**2,203**	**53,998**	**25,088**	**26,001**	**117,125**	**168,214**
Prior year adjustments	-	-	-	- -	-	-	(115,298)	(115,298)
Balances at 1 April 2020 as restated							**1,827**	**52,916**
Additions	-	18,123	445	**18,568**	1,985	1,923	33,834	**37,742**
Revaluation increases/(decreases) recognised in the revaluation reserve	(15,723)	-	-	**(15,723)**	1,505	-	-	**1,505**
Derecognition- disposals	-	-	-	**-**	-	-	(33,459)	**(33,459)**
Other movements in cost or valuation	-	-	-	**-**	-	-	1	**1**
At 31 March	**8,148**	**46,047**	**2,648**	**56,843**	**28,578**	**27,924**	**2,203**	**58,705**
Accumulated Depreciation and Impairment								
Balances at 1 April	**(39)**	**(19,636)**	**-**	**(19,675)**	**(2,443)**	**(16,549)**	**-**	**(18,992)**
Depreciation charged to the (Surplus)/Deficit on the Provision of Services	(6,388)	(3,260)	-	**(9,648)**	(4,912)	(3,087)	-	**(7,999)**
Depreciation written out to the Revaluation Reserve	2,094	-	-	**2,094**	2,609	-	-	**2,609**
At 31 March	**(4,333)**	**(22,896)**	**-**	**(27,229)**	**(4,746)**	**(19,636)**	**-**	**(24,382)**
Net Book Value								
At 1 April	**23,832**	**8,288**	**2,203**	**34,323**	**22,645**	**9,452**	**1,827**	**33,924**
At 31 March	**3,815**	**23,151**	**2,648**	**29,613**	**23,832**	**8,288**	**2,203**	**34,323**

Revaluations

Valuations of land and buildings held by the GLA and GLAP are undertaken every year at 31 March by registered RICS Valuers external valuers, JLL; the details of all the land and buildings and carrying values at 31 March 2022 are set out below:

- GLA - 639 High Road, Tottenham - a community centre facility. It is held at existing use value (EUV) and at 31 March 2022 had a value of £1.7m.
- GLAP - Crystal Palace National Sports Centre - held at fair value and at 31 March 2022 had a carrying value of £nil, for information, if GLAP held this asset at depreciated historical cost, the carrying value would have been impaired to nil.
- LLDC - Assets under Construction relates to expenditure incurred in relation to the East Bank project

Valuations were carried out in accordance with the Practice Statements contained in the RICS Valuation – Global Standards published by the Royal Institution of Chartered Surveyors and the RICS Valuation – Global Standards 2017 – UK national supplement as applicable ('the RICS Red Book'), by valuers who conform to the requirements thereof.

26. Investment Properties

The following table summarises the movement in the fair value of investment properties over the year:

	Group 2021/22 £000	As restated Group 2020/21 £000
Balances at 31 March	**194,416**	**134,358**
Prior year adjustments		110,683
Balances at 1 April 2020 as restated		**245,041**
Additions:		
Purchases	5,390	-
Subsequent expenditure	21,534	18,973
Disposals	-	(4,399)
Net gains/(losses) from fair value adjustments	58,173	(90,038)
Transfers:		
To/from Inventories	(39,347)	24,839
Balance at 31 March	**240,166**	**194,416**

In light of the in depth accounting review and resultant prior year adjustments made to LLDC's accounting for investment Properties, the following section details LLDC's approach to the classification and accounting for investment properties.

- LLDC's role to develop has a clear commercial focus, which is embedded in its corporate strategy and the way that the organisation is funded and structured. LLDC therefore deems it appropriate to classify its investment properties as one overall balance.

- LLDC's investment properties are all held for capital appreciation and/or rental income and each is judged to meet the definition of IAS 40 as at the reporting date.

- In reaching the above conclusion, LLDC has considered other alternative accounting treatments should apply – for example, whether:

    - any of the assets are being used solely for service delivery held for use in the production or supply of goods and services or because of regeneration policy and should therefore be classified as Property, Plant and Equipment under the Code; or

    - they meet the criteria for requiring a transfer to inventories.

- LLDC's conclusion at the reporting date is that none of these alternative treatments applies (see table below).

- LLDC is not involved nor exposed to significant variations in cashflows to any operations being undertaken in any of LLDC's properties.

- The costs of delivering infrastructure works across the Queen Elizabeth Park (Park) are set against the valuation of the Park rather than against individual investment properties. This reflects the placemaking and excellence in design principles upon which LLDC approaches its development of the Park and surrounding areas.

Asset(s)	Management reasoning for classification as investment properties
London Aquatics Centre, Copper Box Arena and Arcelor Mittal Orbit	These assets are integral to the overall development of the Park and surrounding areas. No delivery of services from these assets. These assets are held for rental and while payments under the respective operator agreements are fully variable and profit-based, LLDC is not involved to the underlying operations of the assets.
Development plots:	These are lands previously obtained with undetermined use and no commencement of development with a view to a sale at the reporting date, so not yet triggered the criteria

• Stratford Waterfront and Bridgewater Triangle • Pudding Mill Lane • Rick Roberts Way • East Wick and Sweetwater (Phases 2 to 7) • Hackney Wick Neighbourhood Centre	to be transferred to inventories. These assets are integral to the overall development of the Park and surrounding areas.
East Bank (public realm, Carpenters Land Bridge)	No delivery of services from these assets and reflects the placemaking and excellence in design principles upon which LLDC approaches its development of the Park and surrounding areas. These are treated as necessary costs attributable to the main investment properties to function as intended.

Valuation (LLDC)

LLDC's portfolio was valued as at 31 March 2022 by JLL Limited. The investment property portfolio is now valued at £167.2m, a net increase in fair value of £62.4m from the prior year. Included in the valuation are elements of the East Bank project, which are delivered at a net cost to LLDC (and therefore has a negative valuation).

In line with the Mayor's commitment to affordable housing, a portfolio approach has been adopted whereby 50% of the homes delivered across the sites at Pudding Mill, Rick Roberts Way, and the residential element of Stratford Waterfront. This is factored into the valuation for these development sites, which have not yet started on site (and so continue to be classified as investment properties.

Details of LLDC's Investment Properties

Asset	31 March 2022	31 March 2021 (Restated)	Change	Basis
	£'000	£'000	£'000	
London Aquatics Centre and Copper Box Arena	9,685	12,990	(3,305)	Greenwich Leisure Limited was appointed as the operator of the London Aquatics Centre and Copper Box Arena under a 10 year arrangement. These venues (including the car parks) are valued at £9.7m on the basis of the estimated future income the venues will produce until 2024.
Here East (former Press and Broadcast Centre)	13,880	12,900	980	The valuation of the former Press and Broadcast Centre (known as Here East) is based on the potential net rental income that the Legacy Corporation will receive.
Multi Storey Car park	5,580	4,000	1,580	The valuation of the Multi Storey Car Park is based on the rental income streams which is there has been an increase within the Events and Adhoc revenue streams.
Stadium	987	1,361	(374)	The Stadium is subject to a lease to let the Stadium to E20 Stadium LLP until 2115. The Legacy Corporation reversionary interest discounted back to the present day is valued at £1.5m.
ArcelorMittal Orbit	3,455	3,265	190	The ArcelorMittal Orbit has been valued at £3.5m on the basis of the earnings that could be generated from operating the attraction.
Queen Elizabeth Olympic Park (excl. East Bank)	105,977	81,989	23,988	The valuation of the Queen Elizabeth Olympic Park is based on residual appraisal. The includes residential development plots where development has not yet commenced.
3 Mills Studios	28,850	10,400	18,450	The 3 Mills Studio site is held on a lease with 83 years outstanding. It has been valued on the investment method, assuming the buildings are let as offices and warehouses, and have adopted a market rent. The value of the property has increased mainly as a result of the significant improvement to trading figures
LTGDC transferred assets	10,545	13,455	(2,910)	These sites have been valued as industrial land to be developed, which has increased in value, using comparable evidence to establish market value, for all bar one property, where an estimated rental value was used.
Other assets	24,173	1,755	22,418	Other sites including Timberlodge and Kiosks, have been valued using a expected rental values applying an appropriate yield and comparable market value information from similar sites. The net increase in market value is mainly due to increased rental income.
Queen Elizabeth Olympic Park - East Bank	(36,400)	(37,936)	1,536	East Bank public realm and Carpenters Land Bridge
Total	**166,732**	**104,179**	**62,553**	

GLA Group Investment Property

In 2021/22 net gains in the fair value of investment property of some £58.1m are recognised in the Surplus or Deficit on the Provision of Services.

Amounts recognised as rental income and operating expenses

	Group 2021/22 £000	Group 2020/21 £000
Rental Income	(15,999)	(16,100)
Operating Expenditure	18,161	14,432
Net deficit/(surplus)	**2,162**	**(1,668)**

Revaluations

The valuations were undertaken by JLL external, independent property valuers with valuations provided as at 31 March 2022. They are registered RICS Valuers and the valuations were carried out in accordance with the Practice Statements contained in the RICS Red Book.

See Note 5 for key assumptions in relation to asset valuations and sources of estimation uncertainty.

Fair value hierarchy

The Group's classification of investment properties in the fair value hierarchy as at 31 March 2022 is as follows:

2021/22

Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2022 £000
London Legacy Development Corp.				
Other assets	63,568	135,122	(31,958)	**166,732**
GLA Land and Property Ltd.				
Commercial units	-	-	72,951	**72,951**
Residential properties	-	-	482	**482**
Balance at 31 March 2022	**63,568**	**135,122**	**41,475**	**240,165**

2020/21

	As restated			
Recurring fair value measurements using:	Quoted prices in active markets for identical assets Level 1 £000	Other significant observable inputs Level 2 £000	Significant unobservable inputs Level 3 £000	Fair Value as at 31 March 2021 £000
London Legacy Development Corp.				
Other assets	25,610	112,363	(33,794)	**104,179**
GLA Land and Property Ltd.				
Commercial units	-	-	89,827	**89,827**
Residential properties	-	-	410	**410**
Balance at 31 March 2021	**25,610**	**112,363**	**56,443**	**194,416**

This hierarchy categorises into three levels the inputs to valuation techniques used to measure fair value; these include:

- Level 1 inputs – quoted prices (unadjusted) in active markets for identical assets or liabilities that the authority can access at the measurement date
- Level 2 inputs – inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly
- Level 3 inputs – unobservable inputs for the asset or liability.

Reconciliation of the movement in GLAP's Level 3 Investment Properties

	31 March 2022 £000	31 March 2021 £000
Balance at 1 April	**90,237**	**76,482**
Additions	5,390	3,138
Disposals	-	(4,199)
Gains and losses included in profit or loss for the year:		
Increase/(decrease) in fair value of investment properties	17,153	(10,023)
Transfers:		
(To) /from Inventories	(39,347)	24,839
Balance at 31 March	**73,433**	**90,237**

Transfers between levels of the fair value hierarchy

There were no transfers between any levels of the fair value hierarchy during the current financial year.

Valuation techniques used to determine fair values

The Group's investment properties are measured using a combination of an income and market comparison approach. Under the income approach, values are determined by means of either the discounted cash flow method, where the expected cash flows from the properties are discounted to establish the present value of the net income stream or the direct capitalisation method where a capitalisation rate is applied, as a multiplier, against the current and, if any, reversionary income streams. The approaches use the Group's own data requiring it to factor in assumptions such as the duration, timing of cash inflows/outflows, rent growth, property location, maintenance costs etc.

Highest and best use

In estimating the fair value of the Group's investment properties, the highest and best use is their current use.

Quantitative information about Fair Value measurement of Investment Properties

GLAP 2021/22

Input	Range	Weighted Average	Sensitivity
Rental income less irrecoverable costs	£7,250 - £1,700,000	£1,374,018	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	5.00% - 8.00%	5.87%	

LLDC

Rental income less irrecoverable costs	£64,702 - £170,1238	£116,427	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	-	8.00%	

GLAP 2020/21

Input	Range	Weighted Average	Sensitivity
Rental income less irrecoverable costs	£7,250 - £1,680,000	£1,341,006	Significant changes in rent growth; vacancy levels or capitalisation rate will result in a significantly lower or higher fair value
Capitalisation rate	5.00% - 8.00%	5.84%	

Valuation techniques

There has been no change in the valuation techniques used during the year for investment properties.

27. Intangible Assets

At 31 March 2022, the Group does not hold a material amount of intangible assets and so this disclosure is not material to the financial statements.

28. Heritage Assets

On 1 April 2012 two sculptures were transferred to the GLA from the Homes and Communities Agency (HCA). There is no historical cost data available on these assets and due to their bespoke and unique nature their value cannot be easily obtained using comparisons in the open market.

The Authority further considers that the cost of obtaining an open market valuation outweighs any benefit to the users of the accounts. The asset known as "A Slice of Reality" has been licensed back to the artist who is responsible for its maintenance and general repair with the GLA being responsible for the structure.

The "Quantum Cloud" was last surveyed in January 2017 and some routine maintenance work was undertaken. No major restoration costs were incurred during 2021/22.

29. Long term investments

	Authority 31 March 2022 £000	Group 31 March 2022 £000	Authority 31 March 2021 £000	Group 31 March 2021 £000
Loans to joint venture - held at amortised cost	-	65,950	-	87,151
Loan to London Power Co. Ltd - held at amortised cost	145	145	551	551
Loan to GLA SR LP - held at amortised cost	1,534,315	-	-	-
Infrastructure loans - held at amortised cost	-	120,676	-	147,488
Equity investments at cost	-	2,183	-	2,181
Contribution to GLA SR LP - held at amortised cost	79,007	-	-	-
Fund investments - held at FVOCI	-	1,343,584	-	-
Residential Mortgage Backed Securities - FVOCI*	-	-	700,742	700,742
Loan to Limited Partnership - held at FVTPL	-	23,319	-	19,454
Investment in Limited Partnerships - held at FVTPL	-	-	25,606	2
Fund investments - held at FVTPL	-	304,689	20,023	149,059
Equity mortgages - held at FVTPL	-	35,331	-	34,798
Total	**1,613,467**	**1,895,877**	**746,921**	**1,141,425**

30. Investments in Subsidiaries

All investments in subsidiaries are held at cost in the holding entity's single entity accounts as permitted under the Code.

Greater London Authority

- **Greater London Authority Holdings Limited (GLAH)** - The Authority holds one £1 share in Greater London Authority Holdings Limited (GLAH). GLAH is registered in England and Wales and is a wholly owned subsidiary of the Authority. GLAH is a holding company and as such does not undertake any business activity.

- **SMEWFL**'s main objective is to bridge the London funding gap for early stage businesses through the provision of loan and equity financing. On 31 October 2017, the Authority became the sole member of SME Wholesale Finance Limited (SMEWFL) thereby gaining full control of this entity. Prior to this date, the Authority held a maximum of 19.9 per cent of the total number of votes exercisable by members in general meeting. SMEWFL is accounted for as a subsidiary in the Authority's group accounts.

- **LCIF** makes equity investments into early stage companies in London's strategic sectors of Science, Digital and Technology, thereby addressing the funding issues faced by such companies. SMEWFL is a member of the London Co-Investment Fund LLP (LCIF), it has 100% economic interest and controls LCIF. The Authority controls LCIF via its control of SMEWFL and has accounted for LCIF as a subsidiary in the Authority's accounts.

- **GLIF** was established in June 2018 and is a wholly owned subsidiary of SMEWFL. The aim is to establish a £100m fund to provide finance to small and medium sized enterprises with funding provided by the European Regional Development Fund, the European Investment Bank, London Waste and Recycling Board and SMEWFL. The Authority controls GLIF via its control of SMEWFL and has accounted for GLIF as a subsidiary in the Authority's accounts.

- **GLA Strategic Reserve LP (GLA SR LP)** is an alternative investment fund established on 29 January 2021, LSR GP Limited is the general partner and the GLA is currently the only limited partner. GLA SR LP has been consolidated on a line-by-line basis as a wholly owned GLA subsidiary.

31. Investments in Subsidiaries – Greater London Authority Holdings Limited (GLAH)

- **GLA Land and Property Limited (GLAP)** - GLAH holds one £1 share in GLA Land and Property Limited (GLAP).

  GLAP is registered in England and Wales and is wholly owned by GLAH.

  GLAP is fully consolidated into GLAH's group accounts.

- **London Treasury Limited (LTL)** - At 31 March 2022, GLAH held £1,125,000 LTL shares (125,000 shares @ £1 per share and 800 shares at £125 per share).

  LTL is registered in England and Wales and is wholly owned by GLAH.

On materiality grounds GLAH has not consolidated London Treasury Limited.

On 5 November 2020 LTL established a fully owned subsidiary **LSR GP Limited** (registration number SC679933), a general partner in the limited partnership **GLA Strategic Reserve LP**, SL034780, registered on 29 January 2021. GLA Strategic Reserve LP is a pooled investment vehicle for the GLA and in future, London Boroughs.

Both LSR GP limited and GLA Strategic Reserve LP are registered in Scotland.

- **London Power Co. Limited (LPC)** – At 31 March 2022, GLAH held 1,056,387 £1 shares in LPC.

  LPC is registered in England and Wales and is wholly owned by GLAH.

  On materiality grounds GLAH has not consolidated LPC.

32. Investments in Subsidiaries – London Legacy Development Corporation (LLDC)

LLDC is a Mayoral Development Corporation controlled by the Authority and is consolidated as a subsidiary in the Authority's accounts.

LLDC prepares group accounts for its subsidiaries **E20 Stadium LLP** and **London Stadium 185 Limited** and as the GLA consolidates LLDC's group accounts, these subsidiaries are also included in the GLA's group accounts.

LLDC is also the sole shareholder in **Stratford East Holdings Limited** which holds a non-controlling share of E20 Stadium LLP. Stratford East Holdings Limited is not consolidated by LLDC on materiality grounds.

- **E20 Stadium LLP -** LLDC and Stratford East Holdings Limited are members of E20 Stadium LLP. The E20 Stadium partnership is the legal entity that holds a 102-year leasehold interest in the Stadium Island site and is responsible for the transformation works and ongoing operations required to deliver a multi-use sporting venue, which is the permanent home of West Ham United Football Club and the national competition centre for UK Athletics.

  E20 Stadium LLP is the sole shareholder of London Stadium 185 Limited and consolidates London Stadium 185 into its group accounts.

London Stadium 185 Limited - London Stadium 185 Limited's principal activities are the operation, management and commercial development of the Stadium at Queen Elizabeth Olympic Park. London Stadium 185 Limited is consolidated into E20 Stadium LLP's group accounts which in turn are consolidated into the group accounts of its parent, LLDC.

- **Stratford East London Developments Limited (SELD)** – SELD and a developer will form a joint venture to develop and bring to market the Stratford Waterfront and Bridgewater residential sites. In October 2020, LLDC launched the procurement for the developer with four bidders being subsequently taken through to the Invitation to Submit Outline Proposal stage.
- **Stratford Waterfront Management Co Ltd (SWM)** was incorporated on 25 November 2019 and is a company limited by guarantee. LLDC provides the guarantee at a value of £1. SWM will manage the public realm of Stratford Waterfront with the first transactions expected in 2023/24.

33. Non-current Assets held for sale

At 31 March 2022, the Group did not hold any property, plant or equipment for sale.

34. Long-term debtors

Long term debtors are held at amortised cost or FVTPL; the classification and measurement approach selected, reflect the business model for holding the financial assets and their cashflow characteristics. See Note 2 Accounting Policies, xvii Fair Value for further details.

Long-term debtors comprise:

	Authority 31 March 2022 £000	Group 31 March 2022 £000	Authority 31 March 2021 £000	Group 31 March 2021 £000
Loans to third parties for capital purposes	802,842	133,620	781,022	132,965
Rent deposits	-	-	317	317
Other debtors	10	7,262	-	51
	802,852	**140,882**	**781,339**	**133,333**

35. Finance leases

Group as Lessor - Finance lease receivables

Details of the GLAH's finance leases (as lessor) include:

- The London International Exhibition Centre has been granted a 200-year lease ending in 2199 for the ExCel Exhibition Centre land
- A 95-year lease ending in 2075 with Workspace II Limited for a warehouse, office and secure yard at Quicksilver Place, Wood Green
- A 101-year lease ending in 2110 with London City Airport to allow the installation of airport landing lights at Albert Island, London E16; and
- Deferred receipts in relation to various development properties leased on long leases.

Gross investment in the leases at balance sheet date is made up of the following amounts:

	Group 31 March 2022 £000	Group 31 March 2021 £000
Finance lease debtor (net present value of minimum lease payments):		
Current	50,764	10,910
Non-current	49,156	86,265
Unearned finance income	8,679	11,787
Unguaranteed residual value of property	-	-
Gross investment in the leases	**108,599**	**108,962**

The gross investment in the leases will be received over the following periods:

Minimum lease payments	Group 31 March 2022 £000	Group 31 March 2021 £000
Not later than one year	52,555	11,016
Later than one year and not later than five years	54,201	95,892
Later than five years	1,843	2,054
	108,599	**108,962**

Finance lease debtor	Group 31 March 2022 £000	Group 31 March 2021 £000
Not later than one year	50,764	10,910
Later than one year and not later than five years	48,416	85,367
Later than five years	740	898
	99,920	**97,175**

Group as Lessee - Finance lease liabilities

Details of the GLAH's finance leases as lessee include:

GLA Land and Property Limited
Held as Property, Plant and Equipment:

- The Crystal Palace 125-year lease with the London Borough of Bromley that expires in 2131. The leases cover the National Sports Centre, Capel Manor Farm, a lodge and residential properties.

Held as Inventory:

- Stephenson Street - a small 1.04 acre portion of the site is held on a long-term lease of 99 years with Network Rail, expiring in 2069, for the land and railway arches at Stephenson Street (ex-Parcelforce Site) in West Ham providing part of the access to the larger freehold adjoining property belonging to GLAP;

- Thames Wharf - two long leases (57 and 60 years long) GLAP took out with the London Borough of Newham at Thames Wharf as part of the larger property. Both leases expire in 2026;
- 20 Newburn Street, Kennington - this property is leased from London Housing Quadrant on a 125-year lease ending in 2129. It has subsequently been leased out on peppercorn rental to Riverside Community Development Trust; and
- CEME - this property is leased from Ford Motor Company on a 125-year lease ending in 2126.

Net book value of finance leases:

	Group 31 March 2022 £000	Group 31 March 2021 £000
Other Land and Buildings	0	20,131
Investment Property	904	25,609
Development Properties	32,849	8,124
	33,753	**53,864**

The minimum lease payments are made up of the following amounts:

	Group 31 March 2022 £000	Group 31 March 2021 £000
Finance lease liabilities (net present value of minimum lease payments):		
Current	22	1
Non-current	300	35
Finance costs payable in future years	243	44
Minimum lease payments	**565**	**80**

The minimum lease payments will be payable over the following periods:

	Group 31 March 2022 £000	Group 31 March 2021 £000
Not later than one year	49	3
Later than one year and not later than five years	91	11
Later than five years	425	66
	565	**80**

The finance lease liabilities will be payable over the following periods:

	Group 31 March 2022 £000	Group 31 March 2021 £000
Not later than one year	22	1
Later than one year and not later than five years	42	5
Later than five years	258	30
	322	**36**

36. Capital Expenditure and Financing – Authority

The total amount of capital expenditure incurred in the year is shown in the table below, together with the resources that have been used to finance it. Where capital expenditure is to be financed in future years by charges to revenue as assets are used by the Authority, the expenditure results in an increase in the Capital Financing Requirement ("CFR"), a measure of the capital expenditure incurred historically by the Authority that has yet to be financed. The CFR is analysed in the second part of this note.

	2021/22 £000	2020/21 £000
Opening Capital Financing Requirement at 1 April	**5,162,815**	**5,204,931**
Capital Investment in year		
Property, Plant, Equipment and Intangibles	13,804	2,871
Loans to external organisations for capital purposes	77,502	58,640
Loan repayments originally financed by borrowing	(86,690)	-
REFCUS *-grant payments to external organisations for capital purposes	1,125,084	870,993
REFCUS - Payment to TfL for Crossrail	554,000	46,000
REFCUS - Payment to TfL for the Northern Line extension	16,469	132,787
REFCUS - Payment to TfL for Elephant & Castle roundabout	13,454	992
Sources of Finance		
Government grants and other contributions	(1,057,419)	(603,740)
Section 106 contributions	(13,454)	(992)
Capital receipts	(8,904)	(339,726)
Financing swap from loans to grant financing	-	(54,932)
Sums set aside from revenue		
Minimum revenue provision - Crossrail	(225,522)	(152,138)
Revenue financing of capital for GLA capital spend	(118,264)	(2,871)
Closing Capital Financing Requirement at 31 March	**5,452,875**	**5,162,815**

Explanation of movements in year		
Opening Capital Finance Requirement	**5,162,815**	**5,204,931**
Minimum Revenue Provision-Crossrail	(225,522)	(152,138)
Increase /(decrease) in underlying need to borrow _Crossrail	554,000	46,000
Increase /(decrease) in underlying need to borrow _ NLE	16,469	132,787
Increase /(decrease) in underlying need to borrow _Loans to Third Parties	(54,887)	(68,765)
Closing Capital Financing Requirement at 31 March	**5,452,875**	**5,162,815**

* REFCUS – Revenue Expenditure Funded by Capital Under Statute (grants paid to third parties for capital purposes). These being transactions that would not be capitalised under standard accounting practice, but that are defined as capital expenditure under the Local Government Act 2003 and its associated regulations.

37. Inventories

Inventories comprise land and buildings held for sale by GLA Land and Property Limited and London Legacy Development Corporation. See Note 5 for key assumptions in relation to asset valuations, and sources of estimation uncertainty.

	Group 31 March 2022 £000	As restated Group 31 March 2021 £000
Balances at 31 March	323,122	212,264
Prior year adjustments	-	92,123
Balances at 1 April 2021 /1 April 2020 as restated	**-**	**304,387**
Purchases (LLDC Residential & GLAP land and buildings)	17,841	121,917
Purchases (LLDC East Bank)	145,185	0
Purchases offset against grant provision (LLDC East Bank)	(55,179)	-
Transfer from /(to) Investment Properties	39,347	(24,839)
Recognised as an expense in the year	(66,871)	(41,170)
Written off balances	-	(59,084)
Increase/(decrease) in net realisable value	(376)	(3,782)
Reversals of write-offs in previous years	8,633	25,693
Balance at 31 March	**411,702**	**323,122**
Split:		
Inventory valued at at lower of cost and net realisable value	302,536	263,843
Inventory valued at the lower of cost and replacement cost	109,166	59,279
Balance at 31 March	**411,702**	**323,122**

As explained in Note 1 Prior Period Adjustments, a review was undertaken in year which resulted in a prior year adjustment in which LLDC reclassified land and buildings from Investment Properties to Inventories. The following paragraphs provide additional information on the approach adopted by LLDC on the classification and valuation of LLDC inventories.

LLDC management is required to determine the carrying value of inventories with reference to IAS 2 Inventories (IAS 2) and IPSAS 12 Inventories. This includes determining whether the estimated net realisable value (where applicable) is less than the asset's carrying value; if so, the carrying value is written down and charged to the Statement of Comprehensive Income then reversed via the MIRS to the Capital Adjustment Account.

For its residential inventories, LLDC will use its forecast share of the developer's estimated sale receipts to determine the net realisable value and ensure that the recorded inventories are stated at the lower of cost and net realisable value. In determining the net realisable value, LLDC is required to make estimates about expected future receipts from its developments, which will be based on a variety of assumptions, including projections of future housing market growth. Changes in such factors could impact upon future forecast receipts and therefore the carrying value of LLDC's inventories, with movements being recorded in the Comprehensive Income and Expenditure Statement, which could have a significant effect on the reported financial performance of LLDC.

For East Bank, inventories that are carried at net realisable value, LLDC will use its forecast contributions from the East Bank partners and the estimated costs to complete (based on the Anticipated Final Cost as determined in conjunction with its Project Management Partner, Mace) to determine the net realisable value. These are based on a variety of assumptions, including construction prices, which may vary and impact upon the carrying value of the East Bank inventories.

If the use of an investment property changes such that it requires a transfer to inventories, then the property's deemed cost in accordance with IAS 2 shall be its fair value at the date of change in use (see Investment Property and Inventories accounting policies).

In applying the Inventories accounting policy, LLDC has made the following judgements:

- Residential development assets: Development with a view to sale has commenced at Chobham Manor and East Wick and Sweetwater (Phase 1) and these are therefore recognised as inventories at the lower of cost and net realisable value. At the date of transfer from Investment Properties, the assets' deemed cost was their fair value at the date of change in use. Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution. As these developments are undertaken by third parties on LLDC's behalf (for example, via a development agreement), LLDC has used its forecast share of the developer's estimated sale receipts to determine the net realisable value (as LLDC does not incur any costs of completion or marketing, selling and distribution).
- East Bank assets: LLDC has determined that the following East Bank assets meet the definition of inventories as they have commenced development with a view to sale or donation/distribution:
    - University of the Arts London (UAL): Measured at the lower of cost and net realisable value as UAL are paying a lease prepayment under the finance lease arrangement and making contributions towards the cost of their building under the terms of the agreement with them.

    - BBC: Measured at the lower of cost and net realisable value as BBC entered into a finance lease agreement with nominal charge and are making contributions towards the cost of their building under the terms of the agreement with them.

    - Sadler's Wells and V&A: Measured at the lower of cost and current replacement cost in accordance with IPSAS 12 as these buildings are being distributed to the partners at no charge or for a nominal charge.

- Retail units at Stratford Waterfront: Measured at the lower of cost and net realisable value as LLDC expects to dispose of these assets for a contribution.

For each of the above East Bank assets, LLDC has determined that a provision is required for LLDC's contributions towards the cost of the buildings. The value of the provision is based upon LLDC's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. For UAL, BBC and Retail, purchases are offset against the provision first, such that when the buildings are completed and handed over, the inventory balance will be equal to their contributions towards the cost of their buildings. For Sadler's Wells and V&A, purchases are not applied against the provision until the buildings are completed and handed over, which is in accordance with the requirements of the Code. Purchases that are offset against the provision during the year are disclosed in this note.

38. Debtors

	Authority 31 March 2022 £000	Group 31 March 2022 £000	Authority 31 March 2021 £000	As restated Group 31 March 2021 £000
Central government bodies	803,415	829,407	1,398,429	1,415,940
Local Authorities & Functional Bodies	232,034	232,394	146,080	148,005
NHS bodies	-	-	35	35
Subsidiary/Parent	314,096	1,044	362,377	19
Other entities and individuals	309,046	375,170	268,371	311,012
Total	**1,658,591**	**1,438,015**	**2,175,292**	**1,875,011**

39. Cash and Cash Equivalents

The balance of Cash and Cash Equivalents is made up of the following elements:

	Authority 31 March 2022 £000	Group 31 March 2022 £000	Authority 31 March 2021 £000	Group 31 March 2021 £000
Bank current accounts	177,339	216,043	278,859	300,789
Other deposits	623,767	681,132	1,308,178	1,368,534
Total	**801,106**	**897,175**	**1,587,037**	**1,669,323**

40. Creditors and receipts in advance

	Authority 31 March 2022 £000	Group 31 March 2022 £000	Authority 31 March 2021 £000	Group 31 March 2021 £000
Central government bodies	(61,959)	(75,868)	(11,880)	(24,999)
Local Authorities & Functional Bodies	(578,972)	(590,555)	(1,180,802)	(1,195,879)
NHS bodies	(223)	(223)	(677)	(677)
Public corporations and trading funds	(501)	(501)	(357)	(357)
Other entities and individuals	(464,017)	(536,273)	(323,062)	(385,568)
Subsidiary/Parent	(1,074)	(31)	(71)	1,776
Total Creditors	**(1,106,746)**	**(1,203,451)**	**(1,516,849)**	**(1,605,704)**

	Authority 31 March 2022 £000	Group 31 March 2022 £000	Authority 31 March 2021 £000	Group 31 March 2021 £000
Receipts in advance - Revenue	(8,310)	(8,571)	(4,446)	(5,501)
Receipts in advance - Capital	(86,268)	(86,837)	(53,716)	(53,716)
Total Receipts in Advance	**(94,578)**	**(95,408)**	**(58,162)**	**(59,217)**

41. Provisions

During the year, the following movements occurred on the Authority and Group's current and non-current provisions:

Group

Provisions - Non Current & Current	Outstanding Legal Cases £000	E20 LLP Onerous Contracts £000	Other Provisions £000	NDR* Appeals £000	East Bank grant £000	Total £000
Balance at 1 April 2021 Restated	**(233)**	**(209,510)**	**(38)**	**(493,289)**	**(277,798)**	**(980,868)**
Additional provisions made	(850)	(50,211)	(15,373)	(38,408)	(1,872)	**(106,714)**
Amounts used	30	8,564	-	93,983	55,179	**157,756**
Unused amounts reversed in year	3	-	(5)	-	-	**(2)**
Effect of change in discount rate	-	22,272	-	-	-	**22,272**
Unwinding of discount	-	(3,065)	-	-	-	**(3,065)**
Other adjustments	-	-	-	40,140	-	**40,140**
Balance at 31 March 2022	**(1,050)**	**(231,950)**	**(15,416)**	**(397,574)**	**(224,491)**	**(870,481)**

Group

Provisions - Non Current	Outstanding Legal Cases	E20 LLP Onerous Contracts	Other Provisions	Non-Domestic Rates (NDR) Appeals	East Bank grant	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021 Restated	-	(201,000)	-	(493,289)	(222,620)	**(916,909)**
Additional provisions made in year	-	(43,901)	(300)	(38,408)	-	**(82,609)**
Amounts used in year	-	-	-	93,983	-	**93,983**
Effect of change in discount rate	-	22,272	-	-	-	**22,272**
Unwinding of discount	-	(3,065)	-	-	-	**(3,065)**
Other adjustments	-	-	-	40,140	222,620	**262,760**
Balance at 31 March 2022	**-**	**(225,694)**	**(300)**	**(397,574)**	**0**	**(623,568)**

Group

PROVISIONS - Current	Outstanding Legal Cases	E20 LLP Onerous Contracts	Other Provisions	Non-Domestic Rates (NDR) Appeals	East Bank grant	Total
	£000	£000	£000	£000	£000	£000
Balance at 1 April 2021 Restated	(233)	(8,510)	(38)	-	(55,178)	**(63,959)**
Additional provisions made in year	(850)	(6,310)	(15,073)	-	(1,872)	**(24,105)**
Amounts used in year	30	8,564	-	-	55,179	**63,773**
Unused amounts reversed in year	3	-	(5)	-	-	**(2)**
Effect of change in discount rate	-	-	-	-	-	**-**
Unwinding of discount	-	-	-	-	-	**-**
Other adjustments	-	-	-	-	(222,620)	**(222,620)**
Balance at 31 March 2022	**(1,050)**	**(6,256)**	**(15,116)**	**-**	**(224,491)**	**(246,913)**

Authority

PROVISIONS - Non Current

	Outstanding Legal Cases	NDR Appeals	Other	Total
	£000	**£000**	**£000**	**£000**
Balance at 1 April 2021	**-**	**(493,289)**	**-**	**(493,289)**
Additional provisions made	-	(38,408)	-	**(38,408)**
Amounts used	-	93,983	-	**93,983**
Other adjustments	-	40,140	-	**40,140**
Balance at 31 March 2022	**-**	**(397,574)**	**-**	**(397,574)**

Authority

PROVISIONS - Current

	Outstanding Legal Cases	NDR Appeals	Other	Total
	£000	**£000**	**£000**	**£000**
Balance at 1 April 2021	**(233)**	-	**-**	**(233)**
Additional provisions made	(850)	-	(14,376)	**(15,226)**
Amounts used	30	-	-	**30**
Unused amounts reversed	3	-	-	**3**
Balance at 31 March 2022	**(1,050)**	**-**	**(14,376)**	**(15,426)**

Outstanding Legal Cases Current (GLA) – the Authority's provision of £1.05m relates to expected legal costs, payable within the next 12 months, in four legal cases in relation to planning applications, an employment tribunal and an environmental matter.

Other Provisions Current (GLA) – the Authority has made a provision for £14.4m payable within the next 12 months, in relation to the 2021/22 business rates levy payable to DLUHC as discussions are still on-going on the methodology to be used to calculate the levy. A provision was made for the additional levy that could have accrued if the calculation is based on the Authority's entire 37% (pilot share) growth and also allow for potential variations to the audited business rates outturn figures for the 33 London billing authorities. Should that provision not ultimately be required it will be released back through the general fund to the business rates reserve.

Non-domestic rates appeals provision Non-Current (GLA)

The NDR appeals provision is the GLA's 37 per cent share of billing authorities estimates of the provision required for potential refunds relating to retrospective alterations to the rating list.

The in–year movement in this provision has been analysed between amounts charged to the provision during the year to reflect changes to rate-payers liabilities following alterations to the non-domestic rating list which have previously been provided for and additional provisions made during the year which take into account an assessment of future risks of losses in rating income. Adjustments have also been made due to post audit changes relating to 2020/21 agreed by billing authorities with their external auditors. The closing balance on the appeals provision at 31 March 2022 is £371.3m. The current expectation is that these appeals will not be settled within 12 months.

Group

Other Provisions Non-Current - Millfield Transfer Station (GLAP) – GLAP, along with the London Borough of Hackney, has an obligation to undertake repairs and other works at the Millfield Transfer Station. The obligation arises from a landfill site relocation for the 2012 Olympics. A payment was made in 2016 and an agreement signed in 2021/22 contracts GLAP to pay up to £0.3m in final settlement of this obligation. However, the final amount and timing of the payment has not yet been determined.

Other Provisions Current - Barking Fire Response (GLAP)- following a fire at the Barking Riverside development in 2019, an independent fire review was undertaken of the 33 properties originally built by London Thames Gateway Development Corporation which transferred to GLAP on 31 March 2012 under the 2011 Localism Act. The review recommended that the exterior timber cladding be replaced to enhance the fire safety of the dwellings. Though now privately owned, the Mayor, via MD2514, confirmed his stance that as the body now responsible for the development and delivery of the homes, GLAP, along with 2 other delivery partners, would bear the costs of the works.

A provision for £0.4m has been created for GLAP's estimated share of the costs incurred to date, the timing of the payments is yet to be agreed via a collaboration agreement still under negotiation**.**

Other Provisions Current – Park transformation/Dilapidation costs (LLDC)

As at 31 March 2022 a provision of £0.3m has been recognised in LLDC's single entity accounts. This is in respect of residual costs relating to the Park Transformation and dilapidation costs from the office move.

E20 Stadium LLP Onerous Contracts (LLDC)

Forecasts of E20 Stadium LLP's financial outlook, particularly in relation to the cost of hosting West Ham United matches and the cost of moving the relocatable seats between football and athletics modes, required an assessment in 2016/17 of whether any of its contracts were deemed to be onerous (loss-making) in line with accounting standards. This assessment concluded that two of its contracts were deemed to be onerous: the Concession Agreement with West Ham United and the Access Agreement with UK Athletics. Consequently, E20 Stadium LLP established a provision for these losses.

This year, following an update to International Accounting Standard 37 (Provisions, Contingent Liabilities and Contingent Assets), a detailed review of the provision and its underlying assumptions (including the discount rates applied) was undertaken. The updated methodology differs from that adopted previously as follows:

- It now uses only those revenues, costs and overheads that are directly attributable to the West Ham United Football Club and UK Athletics agreements. Revenues, costs and overheads not directly attributable to those agreements are no longer included in the calculation.
- The calculation is now based on cashflows for the remaining 93-year term of the concession agreement (note the calculation includes cashflows relating to the UK Athletics agreement up to its expiry in 41 years); previously the cashflow was calculated in perpetuity.
- A discount rate is now adopted to reflect a risk-free rate (based on Government gilt rates at the reporting date).

This has required a restatement of the provision in prior years to as set out in Note 1 and an increase to the provision in the year to 31 March 2022. At 31 March 2022, the provision totalled £231.9m (£209.5m at 31 March 2021- restated)

East Bank Provision (LLDC)

For the East Bank project, LLDC has determined that it has constructive obligations under the agreements with the respective East Bank partners to contribute towards (or pay for entirely) the costs of their buildings. LLDC has concluded that its contributions towards the cost of the cultural and education buildings (University of the Arts London, V&A, Sadler's Wells and BBC) and the retail units at Stratford Waterfront require a provision to be established from the date that the agreements for lease were signed (all pre-31 March 2020). The provision is in line with IAS 37 (Provisions, Contingent Liabilities and Contingent Assets) and is based on LLDC's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. Changes to the provision are recognised in the Comprehensive Income and Expenditure Statement (within East Bank gross expenditure).

At 31 March 2022, the provision totalled £224.5m (£277.8m at 31 March 2021)

Other (LLDC)

As at 31 March 2022, LLDC is also recognising a provision of £0.3m in respect of residual costs relating to the Park Transformation and dilapidation costs from the office move.

42. Usable Reserves

Movements in the Authority's and Group's usable reserves are detailed in the Movement in Reserves Statement and Note 9.

43. Unusable Reserves

	Authority 31 March 2022 £000	Group 31 March 2022 £000	As restated Authority 31 March 2021 £000	As restated Group 31 March 2021 £000
Revaluation Reserve	(959)	(25,565)	(805)	(37,037)
Financial Instruments Revaluation Reserve	-	(1,548)	(4,297)	(4,297)
Capital Adjustment Account	4,626,612	5,176,071	4,311,378	4,985,025
Deferred Capital Receipts Reserve	(300,146)	(146)	(300,361)	(361)
Pensions Reserve	207,959	260,051	262,190	302,011
Collection Fund Adjustment Account-Council tax	(3,294)	(3,294)	18,330	18,330
Collection Fund Adjustment Account-Non Domestic rates	914,639	914,639	1,600,328	1,600,328
Accumulated Absences Account	2,652	2,975	2,725	3,201
Financial Instruments Adjustment Account	9,836	9,836	11,741	11,741
Members Equity and Capital Contributions	-	(29,078)	-	(17,921)
Merger Reserves	69,185	(361,410)	69,185	(361,410)
Total Unusable Reserves	**5,526,484**	**5,942,530**	**5,970,414**	**6,499,610**

Revaluation Reserve

The Revaluation Reserve contains the gains made by the Group arising from increases in the value of its Property, Plant and Equipment and Intangible Assets. The balance is reduced when assets with accumulated gains are:

- revalued downwards or impaired and the gains are lost;
- used in the provision of services and the gains are consumed through depreciation; or
- disposed of and the gains are realised.

The reserve contains only revaluation gains accumulated since 1 April 2007, the date that the reserve was created. Accumulated gains arising before that date are consolidated into the balance on the Capital Adjustment Account.

Balance at 1 April	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
	(805)	**(37,037)**	**(518)**	**(32,932)**
Upward revaluation of assets	(154)	(154)	(287)	(4,114)
Deferred tax on revaluation gains	-	(2,158)	-	9
Downward revaluation of assets and impairment losses not charged to the (Surplus)/Deficit on the Provision of Services	-	13,784	-	-
(Surplus) or deficit on revaluation of non-current assets not posted to the (Surplus) or Deficit on the Provision of Services	**(154)**	**11,472**	**(287)**	**(4,105)**
Balance at 31 March	**(959)**	**(25,565)**	**(805)**	**(37,037)**

Financial Instruments Revaluation Reserve

The Financial Instruments Revaluation Reserve contains the losses arising from the decrease in value of financial instruments held as fair value through other comprehensive income. The movement in the table below arises solely the residential mortgage backed securities.

	Authority 2021/22 £000	Authority 2020/21 £000
Balance at 1 April	**(4,297)**	**3,107**
(Upward)/Downward revaluation of investments	-	(7,404)
(Surplus)/deficit on revaluation of non-current assets not posted to the (surplus)/deficit on the provision of services	**(4,297)**	**(4,297)**
Accumulated gains on assets sold written out to the comprehensive income and expenditure statement as part of other investment income*	4,297	-
Balance at 31 March	**-**	**(4,297)**

*Revaluation adjustments recognised in the CIES on the transfer of RMBS investments to GLA SR Ltd.

Capital Adjustment Account

The Capital Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for the consumption of non-current assets and for financing the acquisition, construction or enhancement of these assets under statutory provisions. The Account is debited with depreciation, amortisation and revenue spend financed by capital. The Account is credited with the amounts set aside by the Authority and Group as finance for the costs of acquisition, construction and enhancement. Where spend is incurred in advance of financing being received (as is the case with Crossrail and Northern Line Extension contributions and expenditure) this results in a deficit balance on the reserve.

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	As restated Group 2020/21 £000
Balance at 31 March	**4,311,378**	**4,985,025**	**4,389,103**	**4,769,139**
Prior year adjustments	-	-	-	294,048
Balance at 1 April 2020 as restated	**4,311,378**	**4,985,025**	**4,389,103**	**5,063,187**
Reversal of items relating to capital expenditure debited or credited to the Comprehensive Income and Expenditure Statement:				
Charges for depreciation and impairment of non-current assets	3,211	8,578	1,545	3,264
Revaluation/(Impairment) charged to the Comprehensive Income and Expenditure Account	-	(41,020)	-	83,153
Amortisation of intangible assets	-	-	1,455	1,455
Revenue expenditure funded from capital under statute	1,709,007	1,710,023	1,050,773	1,051,656
Fair value through profit and loss adjustments	(10,406)	(22,372)	(12,278)	(12,278)
Deferred tax liability on revaluation charged to the Comprehensive Income and Expenditure Account	-	5,355	-	(518)
Corporation Tax liability for the year	-	4,557	-	1,852
Other adjustments	-	(383)	-	(61)
Amounts of non-current assets written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	-	-	600
Amounts of inventories written off on disposal or sale as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	-	57,948	-	39,278
	1,701,812	**1,722,686**	**1,041,495**	**1,168,401**
Capital financing applied in the year:				
Use of the Capital Receipts Reserve to finance new capital expenditure	(8,904)	(75,797)	(339,727)	(407,893)
Capital grants and contributions credited to the Comprehensive Income and Expenditure Statement that have been applied to capital financing	(48,847)	(151,374)	(56,716)	(94,444)
Application of grants to financing from the Capital Grants Unapplied Account	(1,022,026)	(1,022,026)	(602,949)	(602,949)
Statutory provision for the financing of capital investment charged against the General Fund	(225,522)	(225,522)	(152,138)	(152,138)
Capital expenditure charged against the General Fund	(118,264)	(118,264)	(2,871)	(2,871)
Increase/decrease in provisions for capital purposes	-	24,358	-	(21,449)
Repayment of long term capital debtors	36,985	36,985	35,181	35,181
	(1,386,578)	**(1,531,640)**	**(1,119,220)**	**(1,246,563)**
Balance at 31 March	**4,626,612**	**5,176,071**	**4,311,378**	**4,985,025**

Deferred Capital Receipts Reserve

The Deferred Capital Receipts Reserve holds the gains recognised on the disposal of non-current assets but for which cash settlement has yet to take place. Under statutory arrangements, the Group does not treat these gains as usable for financing new capital expenditure until they are backed by cash receipts. When the deferred cash settlement eventually takes place, amounts are transferred to the Capital Receipts.

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
Balance at 1 April	**(300,361)**	**(361)**	**(299,918)**	**82**
Transfer of deferred sale proceeds credited as part of the gain/loss on disposal to the Comprehensive Income and Expenditure Statement	215	215	**(443)**	**(443)**
Balance at 31 March	**(300,146)**	**(146)**	**(300,361)**	**(361)**

Pensions Reserve

The Pensions Reserve absorbs the timing differences arising from the different arrangements for accounting for post-employment benefits and for funding benefits in accordance with statutory provisions, for defined benefit pension schemes. The Authority and Group account for post-employment benefits in the CIES as benefits are earned by employees accruing years of service, updating the liabilities recognised to reflect inflation, changing assumptions and investment returns on any resources set aside to meet the costs. However, statutory arrangements require benefits earned to be financed as the Authority and Group make employer's contributions to pension funds or eventually pay any pensions for which they are directly responsible. The debit balance on the Pensions Reserve therefore shows the shortfall in the benefits earned by past and current employees and the resources the Authority and Group have set aside to meet them. The statutory arrangements will ensure that funding will have been set aside by the time the benefits come to be paid.

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
Balance at 1 April	**262,190**	**302,011**	**136,353**	**156,971**
Actuarial (gains) /losses on pension assets and liabilities	(88,628)	(82,237)	111,539	128,125
Reversal of items relating to retirement benefits debited or credited to the (Surplus) or Deficit on the Provision of Services in the Comprehensive Income and Expenditure Statement	41,363	47,544	21,098	25,158
Employer's pensions contributions and direct payments to pensioners payable in the year	(6,966)	(7,267)	(6,800)	(8,243)
Balance at 31 March	**207,959**	**260,051**	**262,190**	**302,011**

Collection Fund Adjustment Account – Council Tax

The Collection Fund Adjustment Account (Council Tax) manages the differences arising from the recognition of council tax income in the CIES as it falls due from council taxpayers compared with the statutory arrangements for paying across amounts to the General Fund from the London Boroughs and City of London Corporation's Collection Funds.

	Authority 2021/22 £000	Authority 2020/21 £000
Balance at 1 April	**18,330**	**(16,124)**
Amount by which council tax income credited to the Comprehensive Income and Expenditure Statement is different from council tax income calculated for the year in accordance with statutory requirements	(21,624)	34,454
Balance at 31 March	**(3,294)**	**18,330**

Collection Fund Adjustment Account – Non-Domestic Rates

The Collection Fund Adjustment Account (Non-Domestic Rates) manages the differences arising from the recognition of non-domestic rates income in the CIES as it falls due from non-domestic rate payers compared with the statutory arrangements for paying across amounts to the General Fund from the London Boroughs and City of London Corporation's Collection Fund.

	Authority 2021/22 £000	Authority 2020/21 £000
Balance at 1 April	**1,600,328**	**(29,773)**
Amount by which non-domestic rate income credited to the Comprehensive Income and Expenditure Statement is different from non-domestic rates income calculated for the year in accordance with statutory requirements	(685,689)	1,630,101
Balance at 31 March	**914,639**	**1,600,328**

Accumulated Absences Account

The Accumulated Absences Account absorbs the differences that would otherwise arise on the General Fund Balance from accruing for compensated absences earned but not taken in the year, e.g. annual leave entitlement carried forward at 31 March. Statutory arrangements require that the impact on the General Fund Balance is neutralised by transfers to or from the Account.

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
Balance at 1 April	**2,725**	**3,201**	**1,563**	**1,809**
Settlement or cancellation of accrual made at the end of the preceding year	(2,725)	(3,148)	(1,563)	(1,756)
Amounts accrued at the end of the current year	2,652	2,922	2,725	3,148
Amount by which officer remuneration charged to the Comprehensive Income and Expenditure Statement on an accruals basis is different from remuneration chargeable in the year in accordance with statutory requirements	(73)	(226)	1,162	1,392
Balance at 31 March	**2,652**	**2,975**	**2,725**	**3,201**

Financial Instruments Adjustment Account

The Financial Instruments Adjustment Account absorbs the timing differences arising from the different arrangements for accounting for income and expenses relating to certain financial instruments and for bearing losses or benefiting from gains per statutory provisions. The Authority uses the Account to manage the write down of soft loans to fair value. The initial write down is debited to the CIES on recognition of the loan but reversed out of the General Fund Balance to the Account in the Movement in Reserves Statement. Over time, the write down is reversed by crediting the effective interest rate on the loan to the General Fund Balance over the life of the loan.

	Authority 2021/22 £000	Authority 2020/21 £000
Balance at 1 April	**11,741**	**13,903**
Write down of soft loans to fair value charged to the Comprehensive Income and Expenditure Statement	445	-
Effective interest rate on soft loans credited to the Comprehensive Income and Expenditure Statement	(2,350)	(2,162)
Amount by which finance costs charged to the Comprehensive Income and Expenditure Statement are different from finance costs chargeable in the year in accordance with statutory requirements	(1,905)	(2,162)
Balance at 31 March	**9,836**	**11,741**

Merger Reserve

The merger reserve arose as a result of the transfer of the net assets of London Development Agency, Homes and Communities Agency London and London Thames Gateway Development Corporation to the Authority on 1 April 2012.

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
Balance at 1 April	**69,185**	**(361,410)**	**69,185**	**(361,410)**
Movement in year	-	-	-	-
	69,185	**(361,410)**	**69,185**	**(361,410)**

44. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services for non-cash movements

	Authority	Group	Authority	As restated Group
	2021/22	2021/22	2020/21	2020/21
	£000	£000	£000	£000
Depreciation of property, plant and equipment , amortisation of intangibles	3,211	11,239	3,055	9,650
Impairment of FVTPL assets	-	-	-	(118)
Impairment of financial instruments at amortised cost	-	23,404	(55)	3,515
Inflation uplift on Bonds	6,628	6,628	-	-
Other movements in financial instruments	736	736	-	-
Carrying amount of non-current assets sold or derecognised	-	-	-	200
Property Plant and equipment assets written out	-	(277)	-	60
Inventory disposals (non-East Bank)	-	60,106	-	37,204
Change in fair value on FVTPL assets	-	(45,840)	(1,120)	(11,483)
Change in fair value of investment property	-	(58,173)	-	90,037
Reversal in fair value though proft and loss movements	-	(1,065)	-	-
Movement in pensions liability	34,397	40,277	14,298	16,933
Unwind of discount on loan investments	(1,905)	(1,905)	-	-
Write down of loan interest to fair value	-	-	-	-
Increase/(decrease) in creditors and deferred income	(470,133)	(458,851)	963,389	933,765
(Increase)/decrease in debtors	450,802	391,695	(1,191,949)	(1,162,997)
Increase/(decrease) in impairment provision for bad debts	-	(113)	-	24
(Increase)/decrease in stock	-	431	-	(23,490)
Increase/(decrease) in provisions	(80,522)	(110,387)	306,083	225,000
Tax expense	-	2,456	-	168
(Increase)/decrease in interest receivable	4,044	(2,067)	(9,850)	(18,213)
Increase/(decrease) in finance lease receivables	-	(1,785)	-	40,640
Increase/(decrease) in interest payable	22,394	21,431	32	513
Other non cash movements	-	1,010	(184)	(852)
Inventory net change to net realisable value	-	(2,159)	-	2,074
Increase/(decrease) in deferred tax liability	-	5,355	-	(7,194)
	(30,348)	**(117,854)**	**83,699**	**135,436**

45. Cash Flow Statement – Adjustments to net surplus or deficit on the provision of services investing and financing activities

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	As restated Group 2020/21 £000
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	-	-	-	(200)
(Gain)/loss on financial instruments held at FVTPL	-	251	-	52
(Gain)/loss on sale of investment property	-	-	-	1,894
Reversal of capital grants recognised in the income and expenditure statement	(543,094)	(645,315)	(1,163,215)	(1,200,876)
Other investing or financing cash flows	-	5,042	-	978
	(543,094)	**(640,022)**	**(1,163,215)**	**(1,198,152)**

The cash flows for operating activities include the following items

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
Interest paid	(141,424)	(141,424)	(159,901)	(170,624)
Interest received	56,252	60,933	57,408	53,538
Taxation paid	-	311	-	(559)
Taxation received	-	-	-	1,566

46. Cash Flow Statement – Investing Activities

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	As restated Group 2020/21 £000
Purchase of property, plant and equipment, investment property and intangible assets	(13,804)	(35,665)	(2,872)	(25,156)
Purchase of short-term and long-term investments	(8,388,933)	(7,037,426)	(3,986,028)	(4,092,558)
Other movements on investing activities	-	(1,093)	1,263	(1,607)
Proceeds from the sale of property, plant and equipment, investment property, intangible assets and assets held for sale	-	-	-	2,506
Inventory purchases not set against provision (East Bank)	-	(90,007)	-	(27,148)
Inventory purchases (non-East Bank)	-	(17,605)	-	(32,214)
Capital grants received	624,494	745,374	1,197,292	1,260,759
Proceeds from short-term and long-term investments	7,939,092	6,439,767	3,658,218	3,741,561
Proceeds from the sale of financial instruments held at FVTPL	-	1,176	-	1,851
Net cash flows from investing activities	**160,849**	**4,520**	**867,873**	**827,994**

47. Cash Flow Statement – Financing Activities

	Authority 2021/22 £000	Group 2021/22 £000	Authority 2020/21 £000	Group 2020/21 £000
Cash receipts of short and long-term borrowing	781,866	1,059,640	257,122	353,697
Other receipts from financing activities	-	16,977	-	15,461
Repayments of short and long-term borrowing	(603,678)	(710,368)	(323,393)	(422,147)
Other receipts/(payments) for financing activities	14,114	32,334	992	992
Net cash flows from financing activities	**192,302**	**398,583**	**(65,279)**	**(51,997)**

47a. Reconciliation of Liabilities arising from Financing Activities

Group

2021/22

Reconciliation of Liabilities arising from Financing Activities	Group 2021/22 1 April £000	Group Financing Cashflows £000	Group Non-financing cash Movements £000	Group 2021/22 31 March £000
Long Term and Short Term Borrowings	(5,342,429)	(349,274)	(3,057)	(5,694,760)
Finance Lease Liabilities	(37)	1	(286)	(322)
Total Liabilities from Financing Activities	**(5,342,466)**	**(349,273)**	**(3,343)**	**(5,695,082)**

2020/21

Reconciliation of Liabilities arising from Financing Activities	Group 2020/21 1 April £000	Group Financing Cashflows £000	Group Non-financing cash Movements £000	Group 2020/21 31 March £000
Long Term and Short Term Borrowings	(5,463,709)	51,996	69,284	(5,342,429)
Finance Lease Liabilities	(37)	1	-	(36)
Total Liabilities from Financing Activities	**(5,463,746)**	**51,997**	**69,284**	**(5,342,465)**

Authority

2021/22

Reconciliation of Liabilities arising from Financing Activities	**Authority 2021/22 1 April £000**	**Authority Financing Cashflows £000**	**Authority Non-financing cash Movements £000**	**Authority 2021/22 31 March £000**
Long Term and Short Term Borrowings	**(5,393,576)**	**(178,188)**	**(29,023)**	**(5,600,787)**
Finance Lease Liabilities	-	-	-	**-**
Total Liabilities from Financing Activities	**(5,393,576)**	**(178,188)**	**(29,023)**	**(5,600,787)**

2020/21

Reconciliation of Liabilities arising from Financing Activities	**Authority 2020/21 1 April £000**	**Authority Financing Cashflows £000**	**Authority Non-financing cash Movements £000**	**Authority 2020/21 31 March £000**
Long Term and Short Term Borrowings	**(5,458,609)**	66,271	(1,238)	**(5,393,576)**
Finance Lease Liabilities	**-**	-	-	**-**
Total Liabilities from Financing Activities	**(5,458,609)**	**66,271**	**(1,238)**	**(5,393,576)**

48. Related Parties

IAS 24 (Related Party transactions) requires the Authority to disclose any material transactions with related parties, that is, bodies or individuals that have the potential to control or influence the Authority or to be controlled or influenced by the Authority. Disclosure of these transactions allows readers to assess the extent to which the Authority might have been constrained in its ability to limit another party's ability to bargain freely with the Authority.

Transactions which have been disclosed elsewhere in these financial statements will not be included in this note.

Central Government

Central Government has significant influence over the general operations of the Authority – it is responsible for providing the statutory framework within which the Authority operates. It provides significant funding in the form of grants and prescribes the terms of many of the transactions that the Authority has with other parties (e.g. Council Tax, Business Rates). Grants received from Government Departments are set out in the Grants note.

Transactions with public bodies

During the year amounts payable to related parties totaled:

	2021/22 £000	2020/21 £000
Local Government	416,103	312,565
Public Corporations	2,304	2,785
Hospitals	268	45

For amounts owed by the Authority to related parties, see Creditors, Note 40.

Significant grants receivable from related parties are disclosed in Note 16 Grant Income and within Note 13 Taxation and Non-Specific Grant Income and Expenditure.

For amounts owed to the Authority by related parties, see Debtors Note 38.

Transactions with subsidiaries

Greater London Authority Holdings Limited (GLAH)

GLAH is a wholly owned subsidiary of the Greater London Authority. The Authority holds a £1 share in GLAH. GLAH, in turn, is the parent of GLA Land and Property Limited ("GLAP"), GLAP is a wholly owned subsidiary of GLAH. The Authority has prepared group accounts which consolidate the group accounts of Greater London Authority Holdings Limited.

- In 2021/22 the GLA charged GLAP 7.2m for staff, accommodation and other overhead costs (£6.0m-2020/21);
- At 31 March 2022 there was £518.9m outstanding on the loans the GLA made to the GLAP and GLAH (£584.5m-31 March 2021). In 2021/22 GLAP paid £18.9m interest to the GLA (£19.9m-2020/21);
- In 2021/22 GLAP reimbursed GLA £5.4m for costs incurred in refurbishing the new City Hall.
- At 31 March 2022, the Company had £59.4m invested with the GLA (£57.3m-31 March 2021).

London Treasury Ltd (LTL)

LTL was acquired by the GLAH in August 2018 and operates under the Financial Services and Markets Act 2000 authorisation and provides treasury management services to the GLA, its functional bodies (except TfL).

In 2021/22 the GLA paid £809k to LTL in fund manager fees (£860k – 2020/21);

At 31 March 2022, LTL's net assets totalled £1.3m (£1.2m at 31 March 2021).

London TravelWatch (LTW)

London TravelWatch is a body corporate (under its statutory title of the London Transport Users Committee). It acts as an independent passenger watchdog, reviewing London's transport services, conducting research into London's Transport and acting as an appeals body for passenger complaints. LTW reports to and is funded by the London Assembly. The Board of LTW comprises a Chair and 12 members, all of whom are appointed by the London Assembly. They are supported by around 9.1 full time equivalent staff. Its legal status is set out in the Greater London Authority Act 1999 as amended by the Railways Act 2005.

The London Assembly has the power to issue guidance and direction to London TravelWatch subject to explaining why any such action is proposed. The London Assembly also approves LTW's budget and requires that its accounts and business plan be submitted to the GLA.

On the grounds of materiality, London TravelWatch is no longer consolidated as a subsidiary of the Authority in the consolidated financial statements. In 2021/22 the Authority provided LTW with funding of £1.1m (£1.1m – 2020/21).

London Legacy Development Corporation

LLDC is a mayoral development corporation, created using powers given to the Mayor of London in the Localism Act 2011, and its purpose is to manage the ongoing regeneration and development of the Olympic Park and surrounding areas of east London. The LLDC was created on 9 March 2012 and, on 1 April 2012, the property, assets, liabilities, and staff of the Olympic Park Legacy Corporation transferred to the LLDC.

The LLDC has been accounted for as a subsidiary of the Authority in the consolidated financial statements.

In 2021/22 the Authority paid LLDC revenue grant totalling £46.4m (£34.4m - 2020/21) and capital grant for the East Bank project totalling £100m (£37.1m – 2020/21)). The loan balance at 31 March 2022 was £399.1m (£372.2m – 31 March 2021).

Interest receivable on the loan totalled £11.2m (£10.7m - 2020/21).

The Hackney Wick loan balance stands at £1.0m at 31 March 2022 (£1.5m at 31 March 2021).

E20 Stadiums LLP
E20 Stadiums LLP is a wholly owned subsidiary of LLDC. The Mayor obtained full control in December 2017 after the agreed retirement of NLI from the E20 Stadium partnership. There have been no related party transactions during the year.

Old Oak and Park Royal Development Corporation (OPDC)
OPDC is a mayoral development corporation established under the powers of the Localism Act 2011. The OPDC has planning powers and regeneration responsibility within its boundaries. The corporation is responsible for the regeneration of Old Oak Common in West London. The organisation was created on the 1st April 2015.

During 2021/22 the GLA provided grant funding of £5.6m (£10.1m in 2020/21).

London 2017 Limited
London 2017 Limited was set up jointly by the GLA and UK Athletics (UKA) with the purpose of organising and staging the IAAF World Championship in London in 2017. The Mayor appointed a Co-chair and one other Director to the company's board.

The company is in liquidation as all the activities in relation to the championship have now ended.

London Power Co. Ltd (LPC)
London Power Co. Limited is a private company limited by shares. It was incorporated on 19 July 2019, In March 2021, the LPC terminated and repaid a £1,056k loan from the GLA, and replaced this financing with a share capital issue of £1,056k to Greater London Authority Holdings Limited (GLAH) the sole shareholder. LPC has contracted the services of energy supplier Octopus Energy Limited to provide gas and electricity to Londoners.

LPC has not been consolidated into GLA's group accounts on materiality grounds.

LPC borrowing (including accrued interest) from the GLA stood at £158k at 31 March 2022 (£552k at 31 March 2021). In 2021/22, the Greater London Authority (GLA) charged the LPC £214k for accommodation and other overhead costs (£239k – 2020/21).

GLA Strategic Reserve LP (GLA SR LP)
GLA Strategic Reserve Limited Partnership is an alternative investment fund established on 29 January 2021, LSR GP Limited is the general partner and the GLA is currently the only limited partner. GLA Strategic Reserve LP has been consolidated on a line-by-line basis as a wholly owned GLA subsidiary.

At 31 March 2022, the Authority had advanced loans to GLA SR LP totalling £1.5bn and made a £79m contribution to the limited partnership. Se note 50 e and 50f for further information.

Interest receivable and a partnership distribution of £2.5m was payable to the Authority in 2021/22.

Other Parties

MedCity Ltd.
The Deputy Mayor for Business is an observer on MedCity's founders committee and advisory board.
During 2021/22, the GLA provided grant funding of £0.4m to MedCity (£0.3m in 2020/21)

Public Practice
The Deputy Mayor for Planning, Regeneration, and Skills is a director of Public Practice.
During 2021/22, the GLA provided grant funding of £97k to Public Practice, of which £45k is a grant payment, (£45k in 2020/21)

Future of London 2011 Ltd.
Interim Assistant Director Planning is a board member of Future of London 2011.
During 2021/22, the GLA paid of £14k to Future of London, for Sponsorship of Council led housing forum, (49k in 2020/21).

Trust for London
An Assembly Member is a Trustee of Trust for London Trustee.
During 2021/22, the GLA paid of £23k Trust for London Trustee for London Housing panel (£40k in 2020/21)

Studio 3 Arts
An Assembly Member is a trustee of Studio 3 Arts.
In 2021/22 grants totalling £318k were paid to Studio 3 Arts.

University College London (UCL)
An Assistant Director's husband is a Director at UCL.
During 2021/22, £81k was paid to UCL for research and study fees and grants.

Pembroke House
The Head of Regeneration's husband is part of the leadership team at Pembroke House.
In 2021/22 the GLA paid £15k grant to Pembroke House from the GLA's Food Roots Incubator programme.

49. Interests in Other Organisations

Museum of London

From 1 April 2008, the Authority assumed the role of co-sponsor (along with the Corporation of London) of the Museum of London and has the right to appoint half of the Museum's Board.

The Authority has also committed to contribute to funding of the relocation of the Museum of London from its current London Wall site to a new site at Smithfield General Market.

- In 2021/22, the GLA provided £8.1m grant funding (£8.1m– 2020/21) to the Museum of London.

London & Partners

London & Partners was incorporated on 14 January 2011 as a Group limited by guarantee. It commenced operations on 1 April 2011. London & Partners is a commercially driven organisation, championing London as the best big city on earth. It will generate economic benefits for the capital and maintain London's leading position by attracting and generating spend from visitors and overseas students; attracting, accelerating and expanding foreign direct investment in London; and leveraging private sector investment and expertise.

The Mayor is the founding member of London & Partners. Under the articles of association, the Mayor retains the power to appoint the chair and one other non-executive director to the board.

During the financial year 2021/22, the GLA made grant payments of £11.2m (£13.4 – 2020/21) to London & Partners.

ReLondon

The London Waste and Recycling Board (LWARB) has changed its name to ReLondon. LWARB was established by the Greater London Authority Act 2007 to promote and encourage the production of less waste, an increase in the proportion of waste that is re-used or recycled and the use of methods of collection, treatment and disposal of waste which are more beneficial to the environment in London. Shirley Rodrigues, Deputy Mayor for Environment and Energy, is the Mayor's appointed representative.

In 2021/22 there were no transactions between the GLA and ReLondon. In 2020/21 the Authority paid a grant to ReLondon for the Green New Deal – Advance London project (£0.9m) and Better Futures grant for disbursement to SMEs (£0.1m).

Royal Docks Management Authority Limited

The Royal Docks Management Authority Limited (RoDMA), established in 1990, holds a 225-year lease of the water areas and associated marine infrastructure of the Royal Docks and is responsible for their control and management.

At 31 March 2022, GLAP holds 94.9% of the RoDMA shares and 36.63% of the voting rights. The Department for Environment, Food and Rural Affairs (DEFRA) holds a special share (it was historically delegated to the London Borough of Newham) which gives it control over key decisions – DEFRA are in the process of reviewing their ownership of the Special Share as part of a wider RoDMA governance review; GLAP therefore has significant influence but does not control RoDMA. RoDMA is held as an associate in GLAP's financial statements but, as it was acquired at nil cost, there is no carrying value in the Group accounts.

During 2021/22, £0.5m was payable to RoDMA for service charges and insurance premia £0.8m was payable in 2020/21 for service charges, management fees, insurance premia and a feasibility study.

Greenwich Peninsula Estate Management Limited
Greenwich Peninsula Estate Management Limited was established to manage, maintain and administer the Greenwich Peninsula estate. GLA Land and Property Ltd. appoints one out of seven directors.

There were no transactions between the Group and Greenwich Peninsula Estate Management Limited in the year ended 31 March 2022 (nil in 2020/21).

Real Lettings Property Fund 2 LP (RLPF2)
RLPF2 was registered as a limited partnership in December 2016 and the fund was launched in January 2017. The limited partners are GLAP, LB Croydon, LB Lambeth, LB Westminster, Guys and St Thomas and Trust for London. The target size for the RLPF2 is over £100m up to a maximum of £200m. A fund of £100m should allow the purchase, refurbishment, letting and management of around 330 affordable homes.

At 31 March 2022, GLAP has made a capital contribution of £1.9k and an interest free loan of £19.2m, the same as at 31 March 2021. As a limited partner GLAP does not have control.

Resonance Everyone In LP (REILP)
GLAP became a limited partner of REILP on 3 March 2021. The limited partnership's objective is the provision of accommodation for rough sleepers.

At 31 March 2022, GLAP's capital contribution and interest free loan to REILP totalled £5m (£2.2m at 31 March 2021). As a limited partner GLAP does not have control.

Barking Riverside Limited (BRL)
Barking Riverside Limited is a joint venture between London & Quadrant New Homes Limited and GLA Land and Property Limited.

The joint venture company is leading on the delivery of the new Barking Riverside neighbourhood, Barking, East London. The site is being remediated and site wide infrastructure developed to allow the release of plots for residential and commercial development.

GLA Land and Property Limited holds 49% of the share capital and 50% of the voting rights. The Deputy Mayor for Housing and Residential Development, the GLA's Executive Director Housing and Land and the Head of Housing Delivery and Compliance are three of the six directors of Barking Riverside Limited.

Carrying value of investments in joint venture

	31 March 2022	31 March 2021
	£000	£000
Loans to joint venture	92,143	88,979
Expected credit loss provision (IFRS 9)	(26,193)	(1,829)
	65,950	**87,150**
Share of loss in joint venture (IAS 28)	(2,572)	(16)
At 31 March	**63,378**	**87,134**

	2022	2021
	£000	£000
At 31 March	**87,134**	**69,864**
Prior year adjustment	-	(191)
At 1 April as restated	**87,134**	**69,673**
Loans advanced in year	-	13,104
Interest receivable	2,882	2,519
Discount Unwinding	282	276
Expected credit loss provision	(24,364)	1,387
Share of loss in joint venture (IAS 28)	(2,556)	175
At 31 March	**63,378**	**87,134**

GLA Land and Property Limited acquired, from the Homes and Communities Agency, two loan investments provided to Barking Riverside Limited; at 31 March 2022 these loan advances net of the expected credit loss provision totalled £25.9m (£31.3m-2020/21). This includes £0.6m interest receivable (£0.5m–2020/21) which has been rolled-up and added to the loan principal.

A loan facility of £48m was approved to part fund rail infrastructure at the Barking Riverside development site; at 31 March 2022, these loan advances net of the expected credit loss provision totalled £40m (£36.6m-2020/21) and £5.0m interest has been rolled up and added to the loan balance (£2.7m-2020/21).

The following table summarises the financial information of BRL as included in its own financial statements. The table also reconciles the summarised financial information to GLAP's share of BRL's net liabilities/cumulative loss.

Barking Riverside Limited - Joint Venture

	31 March 2022	31 March 2021
	£000	**£000**
Percentage ownership interest	**49%**	**49%**
Voting share	**50%**	**50%**
	£000	**£000**
Non-current assets	815	891
Current assets (including cash and cash equivalents – 2021/22 £17,701k, 2020/21 £6,520k)	314,899	240,374
Non-current liabilities	(299,068)	(236,370)
Current liabilities	(21,895)	(4,927)
Net assets (100%)	**(5,249)**	**(32)**
***GLAP's share of net assets (49%)**	**(2,572)**	**(16)**
Non-current financial liabilities (excluding trade and other payables and provisions) 100%	***(200,215)***	***(151,089)***
Current financial liabilities (excluding trade and other payables and provisions) 100%	-	-
GLAP's share of non-current & current financial liabilities(excluding trade and other payables and provisions) (49%)	***(98,105)***	***(74,034)***
Turnover	(24,606)	(8,483)
Depreciation and amortisation	80	91
Interest income	(2,129)	(9,233)
Interest expense	7,758	6,075
Income tax expense/(income)	-	-
(Profit)/Loss and total comprehensive income (100%)	**5,217**	**(357)**
Profit and total comprehensive income (49%)	**2,556**	**(175)**

*GLAP - GLA Land and Property Limited

50. Financial Instruments

Financial instruments are contracts that give rise to a financial asset in one entity and a financial liability or equity in another. The figures on the balance sheet are adjusted to exclude balances that are not financial instruments, this includes, inter alia, statutory debtors and creditors, prepayments and receipts in advance.

50a. Group Categories of Financial Instruments

The following categories of financial instruments are carried in the Balance Sheet:

Long-Term	Authority	Group	Authority	As restated Group
	31 March 2022 £000	31 March 2022 £000	31 March 2021 £000	31 March 2021 £000
Investments-Long term				
Financial assets at amortised costs	1,613,467	180,898	551	237,371
Financial assets at FVOCI	-	1,343,584	700,742	700,742
Financial assets at FVTPL	-	371,395	45,628	203,312
Total investments	**1,613,467**	**1,895,877**	**746,921**	**1,141,425**
Debtors-Long Term				
Financial assets at amortised costs	345,147	128,986	361,507	130,058
Financial assets at FVTPL	457,705	11,896	419,831	3,274
Finance lease receivables	-	49,156	-	86,265
Total Debtors	**802,852**	**190,038**	**781,339**	**219,598**
Borrowings-Long term				
Financial liabilities at amortised costs	(5,122,791)	(5,287,411)	(4,945,603)	(4,951,112)
Total borrowings	**(5,122,791)**	**(5,287,411)**	**(4,945,603)**	**(4,951,112)**
Creditors and Other Long Term Liabilities -Long term				
Financial liabilities at amortised costs	(2,856)	(68,373)	(2,243)	(42,451)
Finance lease liabilities	-	(300)	-	(35)
Total creditors	**(2,856)**	**(68,673)**	**(2,243)**	**(42,486)**

Current	Authority	Group	Authority	Group
	31 March 2022 £000	31 March 2022 £000	31 March 2021 £000	31 March 2021 £000
Investments				
Financial assets at amortised costs	1,483,992	1,818,793	1,863,477	1,972,642
Total investments	**1,483,992**	**1,818,793**	**1,863,477**	**1,972,642**
Debtors				
Financial assets at amortised costs	528,289	260,433	463,849	106,638
Finance lease receivables	-	50,764	-	10,910
Total Debtors	**528,289**	**311,197**	**463,849**	**117,548**
Cash and cash equivalents	**801,106**	**897,175**	**1,587,037**	**1,669,323**
Borrowings				
Financial liabilities at amortised costs	(477,996)	(407,348)	(447,973)	(391,317)
Total borrowings	**(477,996)**	**(407,348)**	**(447,973)**	**(391,317)**
Creditors				
Financial liabilities at amortised costs	(184,900)	(179,545)	(120,817)	(117,562)
Finance lease liabilities	-	(22)	-	(1)
Total creditors	**(184,900)**	**(179,567)**	**(120,817)**	**(117,563)**

50b. Material soft loans made by the Authority

The Authority has made the following significant soft loans to support the provision of housing development and related infrastructure.

	2021/22 £m	2020/21 £m
Network Homes	21.0	21.0
LB Ealing	5.9	3.9
Big Issue	8.2	6.8
LB Barking and Dagenham	-	-
LLDC (Hackney Wick)	1.0	1.5
LB Kingston	26.6	26.6
LB Lambeth	10.0	10.0
Tonic Housing Association	4.1	-

The movement on significant soft loans:

	Authority 31 March 2022 £000	Authority 31 March 2021 £000
Opening balance at 1 April	**57,433**	**61,981**
Nominal value of new loans granted in year	7,544	-
Fair value adjustment on initial recognition	(445)	-
Loans repaid	(500)	(6,500)
Increase in discounted amount	2,350	2,162
Other changes	(210)	(210)
Closing balance at 31 March	**66,172**	**57,433**
Nominal value at 31 March	**76,849**	**69,805**

Valuation Assumptions

The interest rate used to discount the soft loans is the Authority's cost of borrowing when the loan was advanced plus a margin to reflect the credit risk.

50c. Group Income, Expense, Gains and Losses

	2021/22 £000				
	Financial Liabilities measured at amortised costs	**Financial Assets at amortised cost**	**Financial Assets at FVOCI**	**Financial Assets at FVTPL**	**Total**
Interest expense	163,700	-	-	-	**163,700**
Finance lease interest	300	445	-	-	**745**
Reduction in fair value	-	-	-	3,704	**3,704**
Expected and actual credit losses/(reversals)	-	23,128	-	(139)	**22,989**
Unwind of discount on non-current creditors	710	-		-	**710**
Impairment losses	-	(192)		-	**(192)**
Fee expense	(51)	-	769	333	**1,051**
Total expense in (Surplus) or Deficit on the Provision of Services	**164,659**	**23,381**	**769**	**3,898**	**192,707**
Interest income	-	(22,043)	(8,594)	(2,735)	**(33,372)**
Dividend Income		(2,266)	-	-	**(2,266)**
Finance lease interest	-	(3,740)	-	-	**(3,740)**
(Increase)/Decrease in fair value	-	-	-	(49,028)	**(49,028)**
Unwind of discount on non-interest bearing loan investments and debtors	-	(3,038)	-	-	**(3,038)**
(Gains)/losses on derecognition	-	-	2,964	(1,646)	**1,318**
Income distribution from LP	-	-	-	(594)	**(594)**
Total income in (Surplus) or Deficit on the Provision of Services	**-**	**(31,087)**	**(5,630)**	**(54,003)**	**(90,720)**
Net (gain)/loss for the year	**164,659**	**(7,706)**	**(4,861)**	**(50,105)**	**101,987**

	2020/21 £000				
	Financial Liabilities measured at amortised costs	**Financial Assets at amortised cost**	**Financial Assets at FVOCI**	**Financial Assets at FVTPL**	**Total**
Interest expense	159,974	-	-	-	**159,974**
Finance lease interest	327	-	-	-	**327**
Reduction in fair value	-	-	-	157	**157**
Expected and actual credit losses/(reversals)	-	(1,252)	-	(118)	**(1,370)**
Unwind of discount on non-current creditors	684	-		-	**684**
Fee expense	577	-	516	316	**1,409**
Total expense in (Surplus) or Deficit on the Provision of Services	**161,562**	**(1,252)**	**516**	**355**	**161,181**
Interest income	(1)	(34,135)	(4,560)	(2,209)	**(40,905)**
Finance lease interest	-	(3,818)	-	-	**(3,818)**
(Increase)/Decrease in fair value	-	-	-	(32,423)	**(32,423)**
Unwind of discount on non-interest bearing loan investments and debtors	-	(742)	-	(2,162)	**(2,904)**
(Gains)/losses on derecognition	-	-	(118)	(579)	**(697)**
Income distribution from LP	-	-	-	(335)	**(335)**
Total income in (Surplus) or Deficit on the Provision of Services	**(1)**	**(38,695)**	**(4,678)**	**(37,708)**	**(81,082)**
Net (gain)/loss for the year	**161,561**	**(39,947)**	**(4,162)**	**(37,353)**	**80,099**

50d. Authority Income, Expense, Gains and Losses

2021/22

	Financial Liabilities measured at amortised cost	Financial Assets at amortised cost	Financial Assets at FVOCI	Financial Assets at FVTPL	Total
	£000	£000	£000	£000	£000
Interest expense	163,700	-	-	-	**163,700**
Losses on initial recognition	-	445	-	-	**445**
Reduction in fair value				3,704	**3,704**
Impairment losses	-	(192)	-	-	**(192)**
Fee expense	(51)		769	333	**1,051**
Total expense in (Surplus) or Deficit on the Provision of Services	**163,649**	**253**	**769**	**4,037**	**168,708**
Interest income	-	(41,057)	(8,594)	(2,676)	**(52,327)**
Dividend income		(2,266)			**(2,266)**
(Gains)/losses on derecognition			2,964	(1,898)	**1,066**
(Increase)/decrease in fair value	-	-	-	(14,029)	**(14,029)**
Unwind of discount on loan	-	(2,350)	-	-	**(2,350)**
Gains on derecognition					**-**
Total income in (Surplus) or Deficit on the Provision of Services	-	**(45,673)**	**(5,629)**	**(18,604)**	**(69,906)**
Net (gain)/loss for the year	**163,649**	**(45,421)**	**(4,860)**	**(14,566)**	**98,801**

2020/21

	Financial Liabilities measured at amortised cost	Financial Assets at amortised cost	Financial Assets at FVOCI	Financial Assets at FVTPL	Total
	£000	£000	£000	£000	£000
Interest expense	159,934	-	-	-	**159,934**
Reduction in fair value				157	**157**
Impairment losses	-	(242)	-	-	**(242)**
Fee expense	577		516	316	**1,409**
Total expense in (Surplus) or Deficit on the Provision of Services	**160,511**	**(242)**	**516**	**474**	**161,258**
Interest income	-	(49,581)	(4,560)	(2,130)	**(56,271)**
(Gains)/losses on derecognition			(118)	(631)	**(749)**
(Increase)/decrease in fair value	-	-	-	(13,555)	**(13,555)**
Unwind of discount on loan	-	-	-	(2,162)	**(2,162)**
Gains on derecognition					**-**
Total income in (Surplus) or Deficit on the Provision of Services	-	**(49,581)**	**(4,678)**	**(18,478)**	**(72,737)**
Net (gain)/loss for the year	**160,511**	**(49,823)**	**(4,162)**	**(18,003)**	**88,521**

50e. Fair Value Hierarchy for financial assets and liabilities measured at fair value

Financial assets and liabilities measured at fair value

Equity Mortgages are carried at fair value and gains and loss are recognised in the income and expenditure account as they arise. They are valued with reference to published house price indices – the Land Registry house price index for the London region - these are Level 2 fair value measurements (see accounting policy xvii for an explanation of the fair value levels). They are long term investments which are classified as Fair Value through Profit and Loss (see Note 50a) and at 31 March 2022 totalled £35.3m

In the GLA single entity financial statements, Residential Mortgage Backed Securities (RMBS) investments that were held at Fair Value through Other Comprehensive Income at 31 March 2021 were transferred to GLA Strategic Reserve LP in 2021/22 at a fair value of £1,342.0m, with cost based value being £1,344.2, at a net loss of £2.2m for the GIS.

Beechbrook and BSIF Investments that were held at Fair Value through Profit and Loss at 31 March 2021 were transferred into GLA Strategic Reserve LP in 2021/22. Beechbrook was transferred at a fair value of £17.78m at an immaterial loss and BSIF was transferred at £15.85m making a GIS gain of £2.44m.

The investments were exchanged for loan investments in GLA Strategic Reserve LP. GLA Strategic Reserve investments which were carried as FVTPL and FVOCI, were de-recognised. The loan investments in GLA SR LP were recognised and classified as Amortised Cost this year, due to the business model as well as cashflow characteristics. The loan has a Bank of England base rate with interest being paid quarterly and while it has no maturity date as such, GLA can make a withdrawal at any time. Withdrawal requests will usually be met by GLA Strategic Reserve LP depending on their liquidity at that point in time.

In the GLA single entity CIES, £4.2m was recycled from Other Comprehensive Income (the Financial Instruments Revaluation Reserve) to the CIES on the transfer of assets to GLA SR LP.

More cash equivalents and short-term investments are to be injected to a Strategic Reserve in the coming year, thus changing its liquidity characteristics. As at 31st of March, GLA's intention is to hold most of existing balances for longer than one year.

Transfers between levels in the Fair Value hierarchy for assets measured at fair value

There were no transfers out of level 2 during the year.

Fair Value of Loan Investments

Loan investment classified as Fair Value through profit loss held by GLAP include two loans totalling £23.3m which are valued with reference to the net value of the underlying asset portfolio. The valuation of this portfolio is determined with reference to assumptions such as rental growth index, house price growth and discount rate.

50f. Fair Value Hierarchy for financial assets and liabilities not measured at fair value

The fair value disclosures for financial assets and liabilities not measured at fair value are calculated using Level 2 inputs

Financial assets and liabilities measured at amortised costs

Except for the financial assets carried at fair value (described in note 50e) all other financial liabilities and financial assets are classified as amortised cost and creditors and are carried in the Balance Sheet at amortised cost. This includes the loan investments held in the GLA SR LP at a carrying value of £1,531.44m.

.

A proportion of overall GLA Strategic Reserve LP investments was designated as Partnership Contribution, also known as Core Commitment, with its value being £79.01m. This constitutes an investment in subsidiary and is accounted for at cost, as per IAS 27.

GLA Strategic Reserve LP is a partnership that was set up with the intention of replacing the current GIS arrangement, with all new investment deals to be carried out via the limited partnership. The purpose of that is to optimise the existing collective investment arrangement and make it easier for new partners to enter into the agreement. At the moment, GLA is the only limited partner. The General Partner is LSR GP which is, in turn, a subsidiary of London Treasury Limited wholly owned by GLA.

The fair value of amortised cost investments can be assessed by calculating the present value of the cash flows that will take place over the remaining term of the instruments, using the following assumptions:

- For long-term Public Works Loans Board ("PWLB") borrowings – the fair value for PWLB Borrowings in note 50g is based on the PWLB new borrowing rate; for long term bonds, market data relating to the relevant bonds are used to determine the fair value of this loan; interest rates at 31 March 2022 used for discounting, ranged from 1.91% to 2.59%;
- Where borrowing or investments will mature within 12 months, carrying amount is assumed to approximate to fair value;
- Where borrowing or investments attract interest at a variable rate related to an underlying market measure (such as base rate) and the next rate reset will occur within 12 months, the carrying amount is again assumed to approximate to fair value;
- The fair value of trade and other debtors and creditors due within 12 months is taken to be the invoiced or billed amount.

50g. Fair Value for financial assets and liabilities

	Authority 31 March 2022 Carrying value £000	Authority 31 March 2022 Fair Value £000	Group 31 March 2022 Carrying value £000	Group 31 March 2022 Fair Value £000
Borrowing - non-current and current	(5,600,787)	(5,972,787)	(5,694,762)	(6,066,762)
Investments - non-current and current at amortised cost	3,097,459	3,097,459	1,999,691	1,999,691
Financial assets at fair value through other comprehensive income	-	-	1,343,584	1,343,584
Financial assets at fair value through profit and loss	-	-	371,395	371,395

	Authority 31 March 2021 Carrying value £000	Authority 31 March 2021 Fair Value £000	Group 31 March 2021 Carrying value £000	Group 31 March 2021 Fair Value £000
Borrowing - non-current and current	(5,393,576)	(5,972,787)	(5,342,429)	(5,896,115)
Investments - non-current and current at amortised cost	1,864,028	1,864,028	2,207,146	2,207,146
Financial assets at fair value through other comprehensive income	700,742	700,742	700,742	700,742
Financial assets at fair value through profit and loss	45,628	45,628	206,179	180,573

The fair value of loans is higher than the carrying value because the Authority and Group's portfolio of loans includes a number of fixed rate loans where the interest rate payable is higher than the prevailing rates at the Balance Sheet date. This shows a notional future loss (based on economic conditions at 31 March 2022) arising from a commitment to pay interest to lenders above current market rates.

Investments consist of money market instruments maturing within 12 months, they are held at cost and fair value has not been calculated because the carrying amount is a reasonable approximation of the fair value. The fair value of long term investments held at amortised cost reflects the increase in fair value of GLA Strategic Reserve LP investment portfolio. The financial assets at fair value consist of long-term equity mortgages.

Nature and Extent of Risks arising from Financial Instruments

The Authority and Group's activities expose them to a variety of financial risks including:

- credit risk - the possibility that other parties might fail to pay amounts due to the Authority/Group;

- liquidity risk - the possibility that the Authority/Group may not have the funds available to meet its commitments to make payments;
- market risk - the possibility that financial loss might arise as a result of changes in interest rates

Maintaining affordability of borrowings, preserving invested principal and maintaining prudent levels of liquidity are the principal treasury management objectives for the Group, with secondary objectives of maximising investment yield and minimising borrowing costs. Treasury management is integral to the Authority/Group bodies' wider risk management strategies under policies approved by each body's governing body in their treasury management strategy. These strategies set out the principles for overall risk management, as well as covering specific areas such as the authorised limit for external debt and the investment of surplus cash.

The treasury management function, for the Authority, Greater London Holdings Limited, GLA Land and Property Limited and the London Legacy Development Corporation, is delivered by the GLA Group Treasury Team.

Each entity within the GLA Group, save Greater London Holdings Limited, separately manages the risks arising from the financial instruments that they hold. The following notes detail the nature and extent of risk facing each significant Group entity.

Credit Risk

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to the Authority's customers. Credit ratings form the backbone of the investment policy for selecting institutions with which the Authority will invest surplus funds, based on knowledge and understanding of the risks involved. Although no combination of ratings can be viewed as fail-safe, the credit criteria for 2021/22 were based on Fitch, Moody's and Standard and Poor's suite of ratings, supported by broader market information. Relevant changes in counterparties' credit standing are reviewed daily, with updates provided by the Authority's treasury advisors. Where counterparties' credit standings are downgraded, the relevant investment limits are reduced with immediate effect or, where minimum criteria fail to be met, further investment is suspended. Maximum limits, for principal invested with each counterparty, are reviewed regularly with reference to relative risk and the Authority's cash flow requirements. All the Authority's investments are sterling denominated.

At 31 March 2022, 1% of the Authority's money market investments and cash were placed with other public bodies or institutions substantially owned by the United Kingdom's government, the remaining 99% were placed with institutions with at least an BBB+ credit rating. The long-term loans to GLA Land and Property Limited and the London Legacy Development Corporation are not deemed to pose separate credit risk given the level of parental control and the Authority does not consider the variable rate funding agreement to be at risk of default.

Exposure to credit risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period is set out in Note 50a, in the Categories of Financial Instruments table.

Liquidity Risk - Group

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group bodies manage liquidity risk by maintaining access to a number of sources of funding which are sufficient to meet anticipated funding requirements. As long as the affordable borrowing limit set by the Mayor is not exceeded, the GLA and LLDC are able to borrow from the Public Works Loan Board, raise debt on the capital markets through both the GLA's established Bond and Commercial Paper programmes, borrow from Commercial Banks, other public bodies or utilise overdraft facilities and, subject to meeting the relevant criteria, borrow at competitive interest rates from the European Investment Bank. The GLA may also lend to its subsidiaries. There is therefore no significant risk that any Group body will be unable to raise finance to meet its planned capital commitments.

The maturity analysis of financial liabilities is as follows:

Borrowing and Interest Payable	**Authority 31 March 2022 £000**	**Group 31 March 2022 £000**	**Authority 31 March 2021 £000**	**Group 31 March 2021 £000**
Less than one year	(482,341)	(422,378)	(454,224)	(397,568)
Between one and two years	(264,283)	(274,949)	(362,304)	(432,304)
Between two and five years	(1,012,968)	(1,014,467)	(806,386)	(755,999)
Between five and ten years	(2,191,735)	(2,466,423)	(1,850,137)	(1,981,033)
More than ten years	(2,975,459)	(2,910,836)	(3,306,982)	(3,161,982)
Total	**(6,926,786)**	**(7,089,053)**	**(6,780,033)**	**(6,728,886)**

Creditors and Interest Payable	**Authority 31 March 2022 £000**	**Group 31 March 2022 £000**	**Authority 31 March 2021 £000**	**Group 31 March 2021 £000**
Less than one year	(184,900)	(179,545)	(120,817)	(117,562)
Between one and two years	(2,856)	44,309	(2,243)	27,459
Between two and five years	-	(49,357)	-	(27,341)
Between five and ten years	-	(65,531)	-	(42,569)
Total	**(187,756)**	**(250,124)**	**(123,060)**	**(160,013)**

Market Risk

The Authority sets Prudential Indicators specifying maximum exposures to variable rate investments, reflecting the fact that the use of fixed rate instruments is the Authority's primary means of managing exposure to interest rate movements. Where interest rates appear to be low, the Authority's Treasury function places great emphasis on matching the maturity profile of borrowings to prudent forecasts of future income to reduce the likelihood of needing to refinance borrowings at potentially unfavourable future rates. The Authority may also arrange borrowings or investments in advance at prior agreed rates as a means of managing short-term interest rate exposures.

51. Contingent liabilities and assets

Contingent Liabilities

Construction Works/Damages (GLA) - The Authority may be liable to pay costs to a third party either for construction works or third-party damages dependent on the outcome of current discussions and future events. Due to commercial sensitivity and the inherent uncertainty in estimating the potential liability, it is not possible to disclose or quantify the liability at this stage.

ArcelorMittal Orbit Loan (LLDC)

LLDC continues to recognise a contingent liability in relation to a loan of £13.8m (principal £9.2m plus unpaid interest), which was used to part fund the construction of the ArcelorMittal Orbit and is repayable to ArcelorMittal Orbit Limited from future profits from the operation of the ArcelorMittal Orbit as and when they are generated (firstly against interest on the loan then 50% against the principal thereafter). A discounted projected cash flow is used for calculation of the carrying amount. The projected cash flows result in the carrying value of the loan being set at nil. This position remains despite the surplus reported in prior years.

Contingent Assets

Contingent rent (GLAP)

Lease receivables from a lease with ExCel Exhibition Centre site have been treated as a contingent asset. The Excel lease expires in 2199 and the annual lease receivable is based on the corresponding annual turnover of the centre, the value of the lease is therefore uncertain. The net present value of the estimated cash flows is considered to be between £4m and £25m and £0.2m was receivable in 2021/22 (£0.8m in 2020/21).

52. Group Taxation

	Group				
	1 April 2021 £000	Prior Year Adjustment £000	Movement in year £000	Increase in Tax rate £000	31 March 2022 £000
Deferred tax assets					
Pension	7,015	-	-	(16,451)	(9,436)
Total deferred tax assets	**7,015**	**-**	**-**	**(16,451)**	**(9,436)**
Deferred tax liabilities					
Investment properties	217	-	(4,545)	-	(4,328)
Capital losses carried forward	1,825	-	576	-	2,401
Development stock	(3,347)	-	(4,277)	(2,407)	(10,031)
Equity Mortgages	(239)	-	1,531	408	1,700
Trading losses	1,673	-	2,139	1,204	5,016
Accelerated capital allowances	(65)	-	(52)	(36)	(153)
Net deferred tax on trading items	**64**	**-**	**(4,628)**	**(831)**	**(5,395)**
Investment properties	(9,516)	609	(814)	(1,836)	(11,557)
Property plant and equipment	(1,708)		2,177	-	469
Intangible assets	-	-	-	-	-
Total deferred tax liabilities	**(11,160)**	**609**	**(3,265)**	**(2,667)**	**(16,483)**

53. Northern Line Extension Income and Expenditure Account

The Northern Line Extension (NLE) Income and Expenditure Account is a memorandum account which summarises the income received, and expenditure incurred in relation to the GLA's contribution towards delivering this project which extended the Northern Line to Battersea Power Station and Nine Elms. This extension opened on 20 September 2021.

The account details the contributions received from the London Boroughs of Lambeth and Wandsworth using sums paid by developers and business ratepayers in the Battersea and Nine Elms statutory designated area, the payments made to Transport for London towards construction costs and the financing costs incurred by the GLA in relation to the amounts borrowed by it, to finance its contribution to the project.

	2021/22	2020/21
	£000	£000
Balance at 1 April	**845,820**	**713,033**
INCOME		
Amounts transferred by the London Borough of Lambeth	(19)	-
Amounts transferred by the London Borough of Wandsworth	(112,488)	(7,773)
Interest receivable on contributions received and other gains	(495)	(633)
Total income	**(113,002)**	**(8,406)**
EXPENDITURE		
Transport payments to Transport for London for NLE project	16,469	132,787
Interest payable on project related borrowing	23,796	17,060
Other expenses including brokerage and bond fees	2,939	4,091
Total Expenditure	**43,204**	**153,938**
Transfer to/(from) business rates reserve to repay/fund prior year NLE deficits	22,559	(12,745)
Transfer to NLE reserve to finance future year capital financing costs	63,707	-
Net deficit for the year	**16,468**	**132,787**
Deficit carried forward at 31 March	**862,288**	**845,820**

During 2021/22 £16.5m was payable to Transport for London (TfL) in respect of the development and construction costs for the Northern Line extension (NLE). The GLA has now met its full agreed £1 billion contribution towards the core project which has been funded primarily using long term borrowing from the European Investment Bank and other sources.

This expenditure is recognised as revenue expenditure financed by capital under statute – and written out through the capital adjustment account - and reported as expenditure in the CIES. The GLA also incurred interest payable on its borrowing of £23.8m. A further £2.9m of expenditure was incurred by the GLA respect of brokerage costs, fees and associated costs including the loan guarantee provided by HM Treasury and associated administrative costs.

The GLA also received £112.5m in contributions from the London Borough of Wandsworth – including a one off sum triggered in developer contributions from the opening of the extension - and c£19,000 from the London Borough of Lambeth towards the project in 2021/22 on an accrued basis. These sums were paid as required under the NLE funding agreement signed between both boroughs, the Greater London Authority and Transport for London in January 2014. In addition, £0.5m of interest was receivable on the balances held in respect of the project.

In 2019/20 and 2020/21 the in-year interest payable and related costs exceeded the borough project contributions by a combined total of £22.6 million and therefore a repayable drawdown was made from the GLA's business rates reserve to meet this shortfall. The business rates reserve is intended to manage volatility in external income including business rates. This £22.6 sum was repaid in 2021-22 as the NLE revenue contributions received exceeded financing and associated costs.

The balance of the in-year surplus – excluding the capital contribution - of £63.7 million has been transferred to a new NLE reserve to meet potential future annual deficits. These deficits may arise until the level of business rates income received in the local statutory designated area increases as the retail, office and commercial premises which have or are being built in the area become occupied following the opening of the Northern Line Extension. Any excess held in the new NLE reserve not required to meet future deficits will be released in due course to repay the GLA's associated borrowing for the NLE.

54. Post balance sheet event

There are no significant events, post 31 March 2022, that require disclosure.

Fund Account

The Fund Account is a memorandum account to show transactions under sections 102 and 103 of the Greater London Authority Act 1999 which requires all government grants for the Greater London Authority and its Functional Bodies to be paid to the Greater London Authority, which then passes them on to the Functional Bodies. This excludes funding paid through revenue support grant – which ceased for the GLA in 2017-18 under its business rates retention pilot - retained business rates and council tax as well as specific grants paid for the purposes of the GLA which are directly controlled and allocated by the Mayor and form part of the CIES.

	2021/22 £000	2020/21 £000
Income		
Fire Grants (1)		
Fire specific revenue grants	(34,211)	(40,216)
Fire capital grant	-	-
Subtotal Fire Grants	**(34,211)**	**(40,216)**
Policing Grants		
Home Office police general grants (2)	(2,038,750)	(1,928,848)
Local Council Tax Support grant for policing (2)	(119,676)	(119,676)
Home Office core capital grant	(3,259)	(3,259)
Home Office other specific grants (3)	(630,452)	(685,682)
Subtotal Policing Grants	**(2,792,136)**	**(2,737,464)**
Transport (TfL) grants (4)		
GLA Transport grant - general (revenue) (5)	(1,825,000)	(2,573,000)
GLA Transport grant - investment (capital) (6)	-	-
Other DfT specific grants (7)	(29,298)	(10,054)
Subtotal Transport Grants	**(1,854,298)**	**(2,583,054)**
Total Income	**(4,680,645)**	**(5,360,734)**
Expenditure		
London Fire Commissioner (1)	34,211	40,216
Mayor's Office for Policing and Crime	2,792,136	2,737,464
Transport for London	1,854,298	2,583,054
Total Expenditure	**4,680,645**	**5,360,734**

(1) The Fire specific revenue grant figure includes firefighters' pension grant of £21.7m and various other items including New Dimensions/Urban Search and Rescue (USAR) grant, PFI grant, Protection uplift, Fire Contingency grant and funding from central government for the Merton fire control centre.
(2) The core Home Office police grant in 2021/22 comprises £185.3 million in respect of the National and International Capital Cities (NICC) grant, £1,001.16 million in general police core grant (net of the NICC) and £853.25m in former DCLG formula funding approved by Parliament in the 2021/22 Police grant report.

Local council tax support funding for the Mayor's Office for Policing and Crime was also approved via the Police Grant Report. MOPAC also receives additional funding approved by the Mayor which is paid to it by the GLA through retained business rates and payments from the Mayor's council tax precept which are both recorded in the GLA's CIES.

(3) The policing revenue specific grant figure includes counter-terrorism and protective security grant funding as well as other specific grants for policing paid via GLA by the Home Office such as police pension grant, police surge grant and support for additional costs arising from the COVID pandemic.

Some specific grants are paid directly to MOPAC (e.g. community safety project and Ministry of Justice funding) and are therefore only recorded in its accounts.

(4) Some transport revenue specific grants are paid direct to TfL and therefore only appear in its accounts. Funding paid to TfL via retained business rates and council tax by the Mayor is reported in the GLA's CIES.

(5) Due to the adverse impact of the COVID pandemic on TfL fare revenues the Department for Transport agreed an extraordinary funding and financing agreements with TfL during 2021/22 involving the provision of additional grant support to TfL. Further details are available at https://tfl.gov.uk/info-for/investors/announcements and https://tfl.gov.uk/info-for/investors/funding-letters

The funding provided as set out above comprised a fixed and a variable element (a so called 'revenue true up') linked to actual fare revenues received. The funding provided as set out above comprised a fixed and a variable element (a so called 'revenue true up') linked to actual fare revenues received. The sums reported in the GLA's fund account differ from those reported in TfL's statutory accounts as the latter adjusted to take into accounts sums that have been repaid to the DfT as part of the 'True up' process as well as accruals by TfL for amounts not yet received/paid.

(6) The DfT other specific grant figure for 2021-22 includes Housing infrastructure funding from DLUHC and Smart Ticketing grant from the Department for Transport.

The Crossrail Revenue Account reflects the application of the GLA's retained revenues for Crossrail and its contributions towards the Crossrail project. It also incorporates the statutory BRS Revenue Account which is required under Schedule 1 of the Business Rate Supplements (Accounting) (England) Regulations 2010.

The account details the income raised from the levy imposed on non-domestic ratepayers (the Crossrail Business Rate Supplement or BRS) and on developers through a Mayoral Community Infrastructure Levy (MCIL) to raise money to fund the construction of the Crossrail project (now called the Elizabeth line) and expenditure incurred in relation to this project by the GLA.

The Crossrail central section from Paddington to Abbey Wood opened on 24 May 2022. In November 2022 through services started to operate from Reading and Heathrow through central London and the Bond Street Elizabeth line station was opened. The final through timetable is expected to be introduced on 21 May 2023.

Crossrail Revenue Account (incorporating the Statutory Business Rate Supplement Revenue Account)

	2021/22 £000	2020/21 £000
Balance at 1 April	-	-
INCOME		
Amounts transferable by billing authorities as calculated under the BRS regulations gross of billing authority administrative expenses	(210,342)	(163,694)
Amounts transferable by collecting authorities in MCIL gross of collection allowances	(154,837)	(132,069)
Interest Receivable (in respect of the Crossrail related balances)	(746)	(1,057)
Total income	**(365,925)**	**(296,820)**
EXPENDITURE		
Administrative expenses for the collection and enforcement of a BRS		
Further administrative expenses (billing authority cost of collection allowance)	441	448
Other billing authority collection costs and prior year adjustments	434	1,232
Sub total BRS billing authority expenses	**875**	**1,681**
Allowable expenses incurred in the collection and enforcement of MCIL		
Collecting authority allowances	5,949	5,316
Charging authority allowances	423	660
MCIL other adjustments including repayments and provisions	2,051	3,281
Sub total MCIL collection expenses	**8,423**	**9,257**
Expenditure incurred by GLA in respect of the Crossrail Project		
Transport payments to Transport for London in respect of the Crossrail project	554,000	46,000
Interest Payable on Crossrail related borrowing	129,652	132,628
Other expenses including brokerage fees	1,453	1,116
Sub total GLA expenditure on Crossrail project	**685,105**	**179,744**
Total Expenditure	**694,403**	**190,682**
Transfers to/(from) General fund - Surplus/(Deficit) on Crossrail (BRS/MCIL) revenue account and Minimum revenue provision	(328,478)	106,137
Balance at 31 March	-	-

The GLA contributed an additional £1.4 billion towards the Crossrail project between 2018/19 and 2020/21 under the supplementary funding deal agreed between the GLA, TfL and

Department for Transport (DfT) in December 2018 (£46m in 2020/21, £989m in 2019/20 and £365m in 2018/19). This £1.4 billion was funded by £1.3 billion of borrowing from the DfT and the application of £0.1 billion of revenues received in prior years. This is in addition to the £4.3 billion contribution made between 2010/11 and 2015/16 under the original Crossrail funding agreement.

In November 2020 the GLA agreed to make a further additional contribution of £825 million towards the Crossrail project using a further loan from the Department for Transport. Of this £554 million was paid over by the GLA in 2021/22 with the remaining £271 million due to be transferred in 2022/23. The Mayor also agreed to contribute up to a further £48.8 million towards the project if required during 2022/23. While the final outturn cost of the project is still to be determined it is anticipated based on current forecasts that any additional contributions – should they be required – will be material and will be managed within existing revenue streams allocated to the project.

The GLA's outstanding Crossrail borrowing will be financed and repaid using MCIL and Crossrail business rate supplement revenue with a current expected full repayment in the early 2040s.

Prior to 2019/20 MCIL revenues were retained by TfL as a direct contribution to the Crossrail project – albeit this was reported as nominal capital grant from, GLA to TfL in its statutory accounts. From 2019/20 the GLA was permitted under regulations approved by Parliament (The Community Infrastructure Levy (Amendment) (England) Regulations 2019 – 2019 966) to apply MCIL for capital financing purposes for Crossrail. A further amendment was made to the regulations in March 2021 (The Community Infrastructure Levy (Amendment) (England) Regulations 2021) to allow the GLA to use MCIL revenues to finance and repay its Crossrail related debt up to 31 March 2043.

Net MCIL income receivable in 2021/22 available to be applied towards Crossrail after netting off collection costs and allowable expenses was £146.4 million. Further information on the BRS is set out in the next note.

The GLA incurred interest payable on its borrowing of £129.7 million and £0.7 million of interest was receivable on the balances held in respect of the BRS and MCIL. A further £1.4 million was charged to the Crossrail revenue account in respect of other costs incurred by the GLA in respect of the management and administration of the BRS and MCIL and the GLA's associated borrowing including brokerage fees.

55. Crossrail Business Rates Supplement

The BRS is applied at a rate of 2p (or 2 per cent of the rateable value) on non-domestic rating assessments on the local rating list in London with a rateable value above £70,000 and is collected on behalf of the GLA by the 33 London billing authorities (the 32 London boroughs and the Common Council of the City of London) the same bills as general business rates (NNDR). Reliefs for the BRS (e.g. for charitable organisations) operate on the same basis and the same percentage rate as for National Non-Domestic Rates. The rateable value threshold was increased to £70,000 from £55,000 on 1 April 2017 in line with the methodology set out in the final Crossrail BRS prospectus applying in a revaluation year.

Based on the final returns received in respect of 2021/22 billing authorities determined that they had collected gross revenue through BRS of £210.3 million of which the GLA was due to receive £209.5 million after allowing for borough collection allowances and other collection related costs. This sum increased by around £46 million compared to 2021/22. This year on year increase was due primarily to the fact that the government's pandemic related business rates relief scheme for ratepayers in the retail, leisure, hospitality (RLH) sectors was less generous for larger firms most likely to pay the BRS compared to 2020/21. This was due to the move to a 66% relief scheme from 1 July 2021 accompanied by a £105,000 national cap per business entity for essential retailers and a £2 million cap for other firms in these sectors. Under section 13 the BRS Act 2009 reliefs granted for NNDR apply on the same basis and at the same percentage rate for the BRS – so these changes will also have reduced the reliefs granted on BRS liabilities on the same basis.

Unlike for NNDR the Government – as in 2020/21 - did not provide grant compensation to the GLA to offset the impact of these reliefs in 2021/22 as the BRS is a locally set tax.

Glossary

This glossary helps to define some of the terms and phrases found in these accounts.

Accounting Period
The length of time covered by the accounts, in the case of these accounts the year from 1 April 2021 to 31 March 2022.

Accrual

A sum included in the accounts to cover income or expenditure attributable to the accounting period for goods or services, but for which payment has not been received/made, by the end of that accounting period.

Actuarial Gains and Losses
Changes in the estimated value of the pension fund because events have not coincided with the actuarial assumptions made or the assumptions themselves have changed.

Balances
These represent the accumulated surplus of revenue income over expenditure.

Capital Expenditure
Expenditure on the acquisition of fixed assets that will be of use or benefit to the Authority in providing its services for more than one year.

Chartered Institute of Public Finance and Accountancy (CIPFA)
CIPFA is the main professional body for accountants working in the public service.

Collection Fund
A fund administered by each London Borough Council and the City of London Corporation as billing authorities. Council Tax and Non-Domestic Rates are paid into this fund and the net requirements of the Authority and its Functional Bodies as well as the Borough/Corporation are met from the fund. Any surplus or deficit is shared between the various authorities for council tax and additionally central government in respect of retained business rates. The Crossrail Business Rate Supplement is also paid into the collection fund and transferred to the GLA as the responsible levying body from it.

Council tax Requirement

The consolidated amount the Authority estimates will be received through the council tax precept. This is the budget requirement net of all government specific and general grants. The GLA, Assembly and each functional body has a component council tax requirement which is approved in the Mayor's annual budget.

Creditors
The amounts owed by the Authority at the Balance Sheet date in respect of goods and services received before the end of the accounting period but not paid for.

Debtors
Amounts owed to the Authority but unpaid at the Balance Sheet date.

Depreciation
The measure of the cost or revalued amount of the benefit of the fixed asset that has been consumed during the period.

Fees and Charges
The income raised by charging for goods, services or the use of facilities.

Financial Instrument
A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another. The term "financial instrument" covers both financial assets and financial liabilities and includes trade receivables and trade payables, investments and borrowings.

Fixed Asset
A tangible item that yields benefit to the Authority for a period of more than one year.

Functional Body
A term used to describe those bodies, other than the Greater London Authority, for which the Mayor of London sets the budget and appoints members to run those bodies. The five functional bodies are:

- **London Legacy Development Corporation ("LLDC")** responsible for development of the Queen Elizabeth Olympic Park;
- **London Fire Commissioner ("LFC")** responsible for providing an efficient and effective fire brigade and emergency planning service for London;

- **Mayor's Office for Policing and Crime ("MOPAC")** is headed by the Mayor or, by his nomination, the appointed statutory Deputy Mayor for Policing and Crime. This means that the Mayor is directly accountable for policing performance in London, except the City of London which has its own police force provided by the Corporation of London;

- **Old Oak and Park Royal Development Corporation ("OPDC")** responsible for the regeneration of Old Oak Common in West London; and

- **Transport for London ("TfL")** responsible for London's buses, London Underground, Docklands Light Railway, Croydon Tramlink, Dial-a-Ride services, London River Services, Woolwich Free Ferry, taxis, private hire cars and maintenance and traffic management of most of the major roads in Greater London.

IAS 19 Employee Benefits
The objective of IAS 19 is to prescribe the accounting and disclosure for employee benefits (that is, all forms of consideration given by an entity in exchange for service rendered by employees). The principle underlying all of the detailed requirements of the Standard is that the cost of providing employee benefits should be recognised in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

Materiality
Information is material if omitting it or misstating it could influence decisions that users make on the basis of financial information about a specific reporting authority.

National Non-Domestic Rates [also known as Business Rates or Uniform Business Rate (UBR)]
A property tax based on notional rental (rateable) values levied on non-domestic hereditaments. The tax is set by central government and collected by Local Authorities.

Precept
The amount the Mayor requires the London Boroughs and Corporation of London to pay from their Collection Funds in respect of council tax in order to meet the costs of services of the GLA and its functional bodies

Prepayment
Where expenditure has been invoiced and charged against the current year's budget but relates to goods and services to be received in the following financial year. This expenditure has to be treated as a prepayment.

Provisions

Amounts set aside to meet costs which are likely or certain to be incurred but are uncertain in value or timing.

Reserves
The accumulated surplus income in excess of expenditure, which can be used to finance future spending and is available to meet unforeseen financial problems. Earmarked Reserves are amounts set aside for a specific purpose in one financial year and carried forward to meet expenditure in future years.

Revenue Expenditure
The day to day spending on employment costs, other operating costs (accommodation, supplies and services etc.) net of income for fees and charges etc.

Revenue Support Grant
Central Government financial support towards the general expenditure of local authorities paid on an un-ringfenced basis and without conditions.

Specific Government Grants
Central Government financial support towards particular services which is "ring fenced" or paid for the purposes of a particular functional body (i.e. can only be spent on a specific service area or items).

Executive Director of Resources
Greater London Authority
City Hall
Kamal Chunchie Way
London E16 1ZE

Enquiries: **glatechnicalaccountancy@london.gov.uk**